Tax-efficient growth: The benefits of using Corporate Class

TAX-EFFICIENT GROWTH	Pooling income and expenses	■ The income, expenses and other tax attributes of all of the different mutual fund classes are pooled, rather than being managed and reported separately.	■ Corporate class mutual funds can share income, gains, losses, expenses and loss carry-forwards to reduce taxable distributions generated by the corporation as a whole.
	Favourable treatment of distributions	■ Corporate class distributions tend to be more tax-efficient. They only distribute Canadian dividends and capital gains dividends, both of which are taxed more favourably than regular income. ■ They cannot distribute interest or foreign income. This income is retained within the corporation, where it is subject to taxation but may be offset by expenses.	■ Taxes are minimized or deferred, leaving more money in an investor's account to benefit from compound growth. ■ From a tax point of view, this is clearly preferable to holding a conventional balanced mutual fund, which pays interest and foreign income that is taxable at an investor's marginal tax rate.
TAX-EFFICIENT CASH FLOW	Fidelity T-SWP® Class	■ Corporate class investments can be combined with the Fidelity Tax-Smart Withdrawal Program (Fidelity T-SWP® Class) for even greater tax efficiency.	■ Investors can receive tax-efficient cash flow without having to sell investments, meanwhile deferring capital gains

For more information, contact your financial advisor or visit *fidelity.ca*

This information is for general knowledge only and should not be interpreted as tax advice or recommendations. Every individual's situation is unique and should be reviewed by his or her own personal legal and tax consultants.

According to a proposed change in the Canadian Federal tax rules, effective January 1, 2017, switching shares of a class fund to shares of another class fund within a mutual fund corporation will be deemed a disposition at fair market value for tax purposes and will trigger a capital gain or loss. The proposal does not apply to switches between different series of the same class fund.

Read a fund's prospectus and consult your financial advisor before investing. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Investors will pay management fees and expenses, may pay commissions or trailing commissions and may experience a gain or a loss.

The Fidelity Corporate Class Funds are issued by Fidelity Capital Structure Corp., and are available through authorized dealers.

The monthly cash-flow distributions on Fidelity T-SWP are not guaranteed and will be adjusted from time to time and may include income. We will aim to keep cash flow between 7.5% and 9% of the NAV each year on T-SWP balanced funds on F8, T8 and S8, as well as 4.5% and 5.5% of the NAV on F5, T5 and S5 balanced funds. For equity funds, we will aim to keep cash flow between 6% to 10% of the NAV each year on F8, T8 and S8, and between 4% to 6% of the NAV each year on F5, T5 and S5.

A return of capital reduces an investor's adjusted cost base. Capital gains taxes are deferred until units are sold or until the ACB goes below zero. Investors should not confuse this cash-flow distribution with a fund's rate of return or yield. While investors in Series F8/T8/S8 and/or F5/T5/S5 will be able to defer some personal capital gains, they must still pay tax on capital gains distributions that arise from the sale of individual holdings by fund managers, and on interest and dividend distributions. T-SWP will also pay a distribution that must be reinvested in December, consisting of income and capital gains.

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