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**

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

Commissions, trailing commissions, management fees, brokerage fees and expenses may be associated with investments in mutual funds and ETFs. Please read the mutual fund or ETF's prospectus, which contains detailed investment information, before investing. Mutual funds and ETFs are not guaranteed. Their values change frequently, and investors may experience a gain or a loss. Past performance may not be repeated.

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 Fidelity's tax-efficient series (T-SWP®) 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 year-end distribution that must be reinvested in additional securities of the applicable fund. The monthly cash-flow distributions on T-SWP are not guaranteed, will be adjusted from time to time and may include income.

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.

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