



CORPORATE CLASS MUTUAL FUNDS

A tax-efficient option for your
non-registered investments

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Sun Life  GLOBAL
Investments

CORPORATE CLASS MUTUAL FUNDS

More of what you want, less of what you don't.

No one likes to pay more taxes than they have to. Thankfully, there are some well-established ways for you to ease your tax burden and keep more money for yourself.

Perhaps you enjoy the tax-deferral benefits of registered retirement savings plans, or "RRSPs." Perhaps you take advantage of tax-free savings accounts, or "TFSA's," where 100% of any investment income or capital gains earned in your account remains in your hands.

But what about the money that's *outside* your registered plans? Consider the benefits of corporate class mutual funds.

► Why corporate class?



Corporate class mutual funds are simple, tax-efficient solutions that are well suited for your non-registered accounts.

Just like funds in the traditional mutual fund trust structure, corporate class mutual funds can hold stocks, bonds, and other mutual funds or types of investments. But corporate class funds are held within a mutual fund corporation. This means you're actually investing in shares of the corporation rather than units of a mutual fund trust.

Declared distributions from the corporation get preferential tax treatment, as they are paid out in the form of capital gains and/or taxable dividends. This is especially beneficial for individuals who own foreign or fixed-income investments that would normally pay distributions taxed at a higher rate.

► What does this mean to you?

Simply put, corporate class mutual funds are structured in a way that allows you to pay less taxes, so you can keep more of your money working for you.

The advantage of corporate class distributions

Mutual funds can earn taxable income that comes in the form of interest, dividends and/or capital gains. While it's great to generate income from your investments, it's even better when your income distributions are taxed at a lower rate.

Unlike traditional mutual fund trusts, corporate class mutual funds have the ability to aggregate expenses incurred by any of the funds within the corporation and deduct them against interest and foreign income earned in any class/fund within the corporation. This allows the fund manager to minimize the distributions required to be made to investors. (Any interest or foreign income of the corporation in excess of expenses is taxed within the corporation.)

▶ **MUTUAL FUND TRUST**

All of the income of the individual fund may end up as a taxable distribution. Only the expenses of the individual fund can be used to reduce the taxable distribution.

Distribution is **potentially larger** and **less tax efficient**

▶ **CORPORATE CLASS FUND**

Taxable gains, losses, income and expenses from all the funds in the corporation may be combined and allocated in such a way as to minimize the net taxable distribution for each fund.*

Distribution is **potentially smaller** and **more tax efficient**

* In the event that a corporate class fund cannot offset all its regular income (i.e. highly-taxed interest income and non-Canadian dividends) with expenses, there is the potential for double taxation of that income – once at the corporate level and again at the investor level. Sun Life Global Investments proactively manages its corporate class funds with the aim to minimize the likelihood of this outcome.

Different types of income are taxed differently

The types of income you receive can make a big difference on your after-tax returns

In Canada, investment distributions are taxed at different rates. Capital gains and dividends are taxed at a lower rate than interest income, which is taxed at a person's highest marginal tax rate.

Distributions from corporate class mutual funds are typically less than those required by mutual fund trusts, and they are generally more tax efficient because they take the form of taxable Canadian dividends or capital gains.

- ◀ Enjoy steady,
tax-efficient
cash flow
with Series AT
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Why Series AT?

Sun Life Global Investments' corporate class mutual funds, Series AT, are structured to provide distributions that are 100% return of capital, or "ROC." The tax-deferral benefits of Series AT can be significantly greater than traditional corporate class funds.

Simply put, Series AT funds distribute your capital. Capital is money you invest, as opposed to the money your investments earn in realized capital gains, dividends or income. Because these payments are taken from the amount you invested, they are not immediately taxable.

How does ROC work?

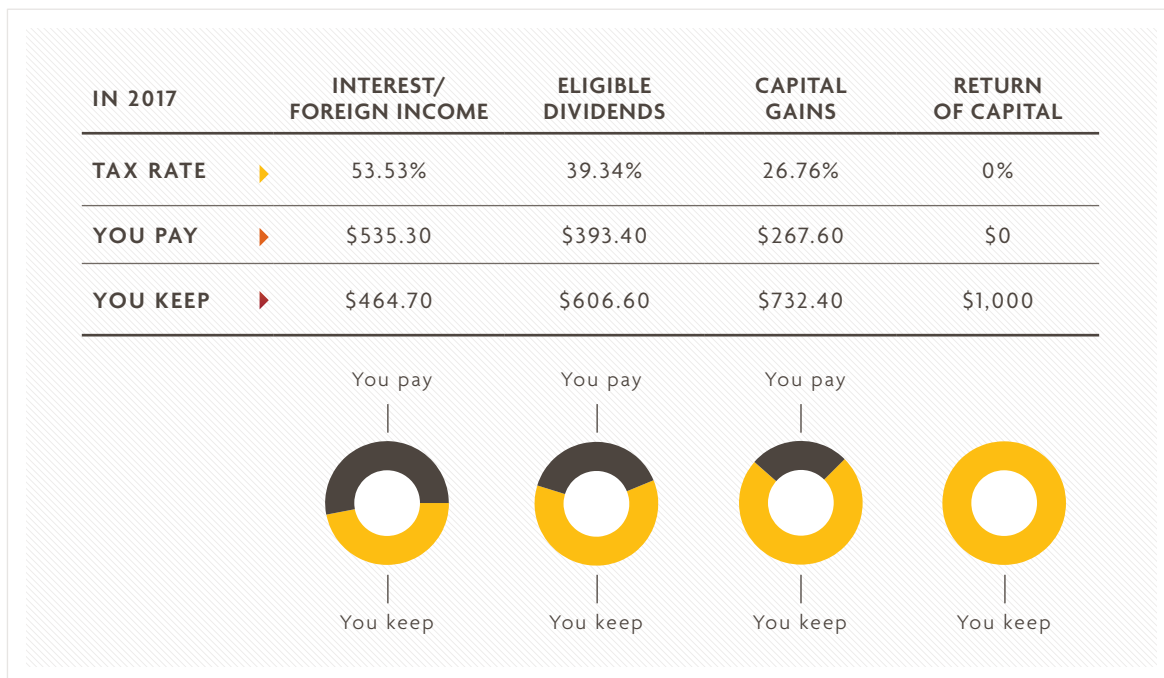
Return of capital is not taxable in the year it's received. Instead, it's subtracted from the adjusted cost base of your investment. A smaller adjusted cost base will typically mean a larger capital gain (or smaller capital loss) when you eventually sell your investment. If ROC causes the adjusted cost base to fall to zero, further ROC distributions would be taxable as capital gains in the year they're received.

Are Series AT funds right for you?

Series AT funds can be a great way to generate a monthly tax-efficient cash flow from your non-registered assets. You can:

- 1 Experience greater **cash flow flexibility**
- 2 Gain **more control** over the **timing and size** of your **cash payments**
- 3 **Take advantage of the growth potential** often associated with mutual funds

Where will my \$1,000 go?



Assumes highest 2017 marginal tax rate for Ontario residents (taxable income of \$220,001 and up). Source: www.ey.com, accessed May 29, 2017. "Eligible dividends" refers to dividends paid by Canadian corporations eligible for the federal dividend tax credit.

Determining the distribution

The dollar amount of a Series AT distribution is based on a percentage of the fund's net asset value per security. It's calculated at the end of every year and the new monthly distribution is set for the next 12 months.

SERIES AT5 FUNDS

Series AT5 funds target an annual distribution of **5%** paid monthly

SERIES AT8 FUNDS

Series AT8 funds target an annual distribution of **8%** paid monthly

Solutions with class

Looking for a simple, diversified investment solution that offers the tax efficiency of corporate class?

Consider Sun Life Granite Managed Classes.

These portfolios offer the tax advantages of corporate class in addition to the key features of all our Granite solutions: broad diversification, multi-manager approach, and tactical asset allocation. Certain portfolios are also available in Series AT for the added feature of predictable, tax-efficient cash flow.



Sun Life Granite Managed Solutions invest in mutual funds and/or exchange traded funds (ETFs). Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Investors should consult with professional advisors before acting on any information contained in this brochure.

The payment of distributions is not guaranteed and may fluctuate. The payment of distributions should not be confused with a fund's performance, rate of return, or yield. If distributions paid by the fund are greater than the performance of the fund, then your original investment will shrink. Distributions paid as a result of capital gains realized by a fund and income and dividends earned by a fund are taxable in your hands in the year they are paid. Your adjusted cost base will be reduced by the amount of any return of capital. If your adjusted cost base goes below zero, then you will have to pay capital gains tax on the amount below zero.

The Sun Life Global Investments corporate class mutual funds each represent a separate class of shares of Sun Life Global Investments Corporate Class Inc., a mutual fund corporation.

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ILLUMINATING A BRIGHTER WORLD OF INVESTMENTS

Sun Life Global Investments offers Canadians a diverse lineup of mutual funds and innovative portfolio solutions, empowering them to pursue their financial goals at every life stage. We bring together the strength of one of Canada's most trusted names in financial services with some of the best asset managers from around the world to deliver a truly global investment platform. Sun Life Global Investments manages more than \$18 billion on behalf of institutional and retail investors from coast to coast and is a member of the Sun Life Financial group of companies.

**For more information, visit www.sunlifeglobalinvestments.com,
connect with us on Twitter @SLGI_Canada, or call us at 1.877.344.1434.**



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