

Comparing the taxation of mutual funds and segregated funds

DIVIDENDS	DISTRIBUTION	ALLOCATION												
MUTUAL FUND CORPORATIONS Manulife Corporate Classes	MUTUAL FUND TRUSTS Manulife Funds	SEGREGATED FUND CONTRACTS Manulife Segregated Funds												
<ul style="list-style-type: none"> ■ Interest and foreign income, to the extent they are taxable, are taxed within the mutual fund corporation (the "Corporation"). Any after-tax earnings are generally retained in the Corporation. Canadian dividend income and capital gains will normally be flowed through to shareholders as ordinary and capital gains dividends, respectively. The Corporation does not distribute capital losses ■ Capital losses are netted against capital gains in the Corporation. Any net capital loss is then carried forward to offset capital gains in future years. Any net capital gains are reduced by an approximate amount of capital gains realized on redeemed shares (excluding fund switches within the Corporation) before they get distributed to the remaining shareholders of the Corporation ■ Investors may choose to receive dividends in cash or reinvest them by buying additional shares. The tax consequences are the same ■ The share value will decrease by the amount distributed per share ■ An investor does not receive any dividends if the shares are sold before the distribution date, except for a money market fund and dollar-cost averaging fund which are determined on a daily basis 	<ul style="list-style-type: none"> ■ Funds must distribute both taxable income and realized capital gains. Funds do not distribute capital losses ■ Losses are netted against capital gains in the fund. Any net capital loss is then carried forward to offset gains in future years. Any net capital gains are reduced by an approximate amount of capital gains realized on redeemed units before they get distributed to the remaining unitholders ■ Investors may choose to receive distributions in cash or reinvest them by buying additional units. The tax consequences are the same ■ The unit value will decrease by the amount distributed per unit ■ An investor does not receive any distributions if the units are sold before the distribution date, except for a money market fund and dollar-cost averaging fund which are determined on a daily basis 	<ul style="list-style-type: none"> ■ Funds are deemed to have distributed (called an allocation) taxable income and realized capital gains or losses ■ Gains and/or losses realized by the fund are first allocated to investors who redeemed units ■ Allocations cannot be paid in cash like distributions. A request for a partial withdrawal must be made ■ No additional units are purchased and there is no change in the unit value as a result of the allocation ■ Except for a money market fund and dollar-cost averaging fund, investors will receive capital gains and/or losses for units redeemed in the year and allocations for units held on an allocation date.¹ For a money market fund and dollar-cost averaging fund, allocations are determined on a daily basis 												
	MUTUAL FUND TRUST/CORPORATION	SEGREGATED FUND												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #ADD8E6;">Day</th> <th style="background-color: #ADD8E6;">Unit/Share Value</th> <th style="background-color: #ADD8E6;">No. of Units/Shares</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$10.00</td> <td style="text-align: center;">10</td> </tr> </tbody> </table>	Day	Unit/Share Value	No. of Units/Shares	1	\$10.00	10	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #D9EAD3;">Day</th> <th style="background-color: #D9EAD3;">Unit Value</th> <th style="background-color: #D9EAD3;">No. of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$10.00</td> <td style="text-align: center;">10</td> </tr> </tbody> </table>	Day	Unit Value	No. of Units	1	\$10.00	10
Day	Unit/Share Value	No. of Units/Shares												
1	\$10.00	10												
Day	Unit Value	No. of Units												
1	\$10.00	10												
	Market Value = No. of Units/Shares x Unit/Share Value 10 x \$10.00 = \$100.00													
	AFTER A \$0.99 DISTRIBUTION/DIVIDEND <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">\$9.01</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">Reinvested distribution/dividend buys 1.1 units/shares (\$9.90/9.01)</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">Market Value = \$100.00 (11.1 x \$9.01)</td> </tr> </tbody> </table>	2	\$9.01	2	Reinvested distribution/dividend buys 1.1 units/shares (\$9.90/9.01)	2	Market Value = \$100.00 (11.1 x \$9.01)	AFTER A \$0.99 ALLOCATION <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">\$10.00</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">Market Value = \$100.00 (10 x \$10.00)</td> </tr> </tbody> </table>	2	\$10.00	2	Market Value = \$100.00 (10 x \$10.00)		
2	\$9.01													
2	Reinvested distribution/dividend buys 1.1 units/shares (\$9.90/9.01)													
2	Market Value = \$100.00 (11.1 x \$9.01)													
2	\$10.00													
2	Market Value = \$100.00 (10 x \$10.00)													
	In all instances ■ The investor's T3 or T5 reports \$9.90 in distributions, allocations or dividends (\$0.99 x 10) ■ The investor's market value = \$100.00													

REDEMPTIONS

MUTUAL FUND CORPORATIONS Manulife Corporate Classes	MUTUAL FUND TRUSTS Manulife Funds	SEGREGATED FUND CONTRACTS Manulife Segregated Funds
<ul style="list-style-type: none"> ■ Investors must sell the shares in order to realize capital gains or losses. A fund switch within the Corporation is not considered a disposition to the investor and does not trigger a capital gain or loss² ■ Capital gains or losses realized on the disposition of shares are not shown on the T5³ ■ Investors must calculate the gain or loss and report it on their tax return ■ The Corporation reports both the number of shares sold and proceeds from the sale to Canada Revenue Agency and on the client statement. The Corporation, however, does not report the taxable portion 	<ul style="list-style-type: none"> ■ Investors must sell the units in order to realize capital gains or losses ■ Capital gains or losses realized on disposition are not shown on the T3⁴ ■ Investors must calculate the gain or loss and report it on their tax return ■ The fund reports both the number of units sold and proceeds from the sale to CRA and on the client statement. The fund, however, does not report the taxable portion 	<ul style="list-style-type: none"> ■ Investors must make withdrawals from the contract in order to realize capital gains or losses ■ Capital gains or losses realized on disposition are shown on the T3. Box 37 of a T3 shows the realized capital losses⁵ ■ Acquisition fees (front-end loads and back-end loads) are deemed to be capital losses and are also reported in Box 37 of the T3

¹ Allocations for Manulife segregated funds are determined annually as at December 31 except for Manulife PensionBuilder where allocations are determined quarterly on March 31, June 30, September 30, and December 31, each year.

² However, a capital gains dividend may be distributed as a result of fund switches where underlying assets of the Corporation are sold to effect the transactions.

³ A T5 is used to report dividends distributed by the Corporation.

⁴ A T3 is used to report distributions.

⁵ A T3 is used to report allocations.

**FOR MORE INFORMATION, PLEASE CONTACT YOUR MANULIFE INVESTMENTS SALES TEAM
OR VISIT MANULIFE.CA/INVESTMENTS**



Any amount that is allocated to a segregated fund is invested at the risk of the contractholder and may increase or decrease in value. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund and segregated fund investments. Please read the prospectus or information folder and contract before investing. Investment returns are not guaranteed, their values change frequently and past performance may not be repeated. Manulife Corporate Classes and Manulife Funds are managed by Manulife Mutual Funds. The Manufacturers Life Insurance Company is the issuer of of insurance contracts containing Manulife segregated funds, and the guarantor of any guarantee provisions therein. Manulife Investments is the brand name identifying the personal wealth management lines of business offered by The Manufacturers Life Insurance Company (Manulife Financial) and its subsidiaries in Canada. Manulife, the Block Design, the Four Cube Design, Strong Reliable Trustworthy Forward-thinking are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under licence.