



# SENTRY MUTUAL FUNDS TAX REPORTING GUIDE 2017

This guide has been prepared to assist you in reporting the income from your Sentry mutual fund investments.

The information in this guide does not constitute tax advice and cannot and should not be construed as such. Investors should consult with a qualified tax professional to determine the tax considerations.

## Contents

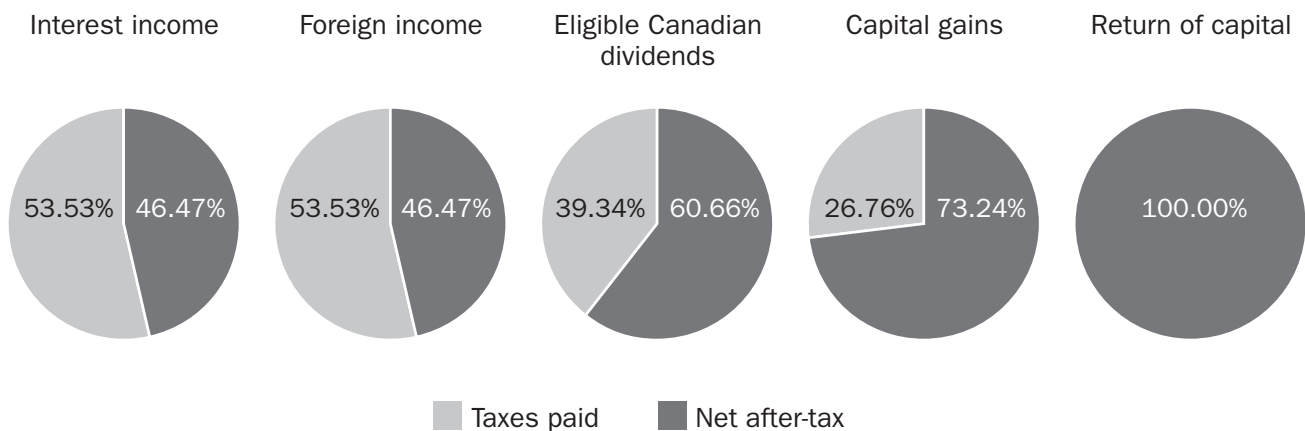
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## Why do mutual funds make distributions?

Mutual funds invest in a variety of investments (i.e. equities, fixed-income securities, options) that generate various types of income for the mutual funds.

Eligible Canadian dividends and capital gains are taxed at a lower rate compared to other income types. Interest income and foreign income are taxed at the highest marginal tax rate. Tax efficiency for different type of income is illustrated below.

### Income type and after-tax cash flow



#### Assumptions:

1. A marginal tax rate for Ontario of 53.53% (for taxable income above \$220,000) in 2018. See Appendix for comparison of marginal tax rates in Canada.
2. A return of capital distribution is not taxable in the year. A return of capital distribution reduces the adjusted cost base ("ACB") of the investment. If the ACB is reduced below \$0 then the negative amount will be included in income as a capital gain.

Income retained in the mutual funds is subject to tax. Mutual funds make distributions to reduce the tax burden for investors. By distributing the income and gains earned, the investors are taxed only once on such income and gains. Most investors are taxed at a lower rate than the mutual funds. If the income remains in the mutual funds, the mutual funds will pay the tax at the highest marginal tax rate of each category of income. If the mutual funds distribute the income, it will be taxed at the investors' tax rate. In addition, many investors hold mutual funds in their registered plans, which means the distributions paid by the mutual funds are not taxable until the funds are withdrawn.

Sentry mutual funds are offered in two different structures: mutual fund trusts (“Trust Funds”) and mutual fund corporations (“Corporate Class Funds”). Differences between Trust Funds and Corporate Class Funds are discussed below.

	TRUST FUNDS	CORPORATE CLASS FUNDS
What are Trust Funds and Corporate Class Funds?	Trust Funds are unit trusts that allow the flow-through of the tax characteristics of the funds’ income to their unitholders.	Corporate Class Funds are a family of funds within a single taxable corporation.
Taxability	<p>The declaration of trusts for the Sentry funds requires that the Trust Funds must distribute both taxable income and realized capital gains to unitholders each year. Unitholders are then taxed on these distributions as if they had earned this income directly.</p> <p>Within the Trust Funds, expenses are applied first against the sources of income that are taxed at higher rates (i.e. interest and foreign income) until all expenses have been deducted.</p> <p>Any remaining taxable income will be distributed to unitholders such that the taxable income is not taxed within the Trust Funds.</p>	<p>Each mutual fund class in Sentry Corporate Class Ltd. is a different class of shares. Shares are exchangeable from one class to another within the Corporate Class Funds. For exchanges after 2016, such transactions will trigger a taxable event (i.e. capital gain/loss). However, a switch from one series to another series within the same class will continue to generally not be considered a taxable disposition.</p> <p>Interest, foreign dividends and other income are retained within the corporation. Any excess income over expenses is subject to taxation within the corporation. Canadian dividends are not taxable in the corporation.</p> <p>Expenses are first deducted from non-distributable income and then from Canadian dividends and taxable capital gains.</p>
Distribution vs. dividend	Trust Funds can distribute interest income, Canadian dividends, foreign income and capital gains.	Corporate Class Funds are able to declare Canadian dividends and capital gains dividends to their shareholders.


## Trust Funds

Different types of income from Trust Funds will be reported separately in the T3 slip and RL16 slip (for Quebec residents) issued for non-registered accounts. Distributions paid to registered accounts are not taxable as they are held in the tax-deferred plan.

### Management fee reductions

Sentry Investments Inc. (“Sentry”), the manager of the Trust Funds, may reduce the management fee that Sentry would otherwise be entitled to receive from the Trust Funds. The amount of any management fee reduction is distributed to investors for whose benefit the fees were reduced by the Trust Funds (the “Management Fee Distribution”). The tax characteristic of the Management Fee Distribution will be reported as part of the distribution paid in the T3 slip and RL16 slip.

T3 slip


	Canada Revenue Agency Agence du revenu du Canada	Year Année	<input style="width: 80px; height: 20px;" type="text"/>	<b>Statement of Trust Income Allocations and Designations</b> <b>État des revenus de fiducie (répartitions et attributions)</b>	<b>T3</b>																												
Protected B when completed / Protégé B une fois rempli	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:20%; padding: 2px;">                     Actual amount of eligible dividends                      Montant réel des dividendes déterminés                 </td> <td style="width:20%; padding: 2px;">                     Taxable amount of eligible dividends                      Montant imposable des dividendes déterminés                 </td> <td style="width:20%; padding: 2px;">                     Dividend tax credit for eligible dividends                      Crédit d'impôt pour dividendes déterminés                 </td> <td style="width:20%; padding: 2px;">                     Capital gains                      Gains en capital                 </td> <td style="width:20%; padding: 2px;">                     Capital gains eligible for deduction                      Gains en capital admissibles pour déduction                 </td> </tr> <tr> <td style="text-align: center;">49 <input style="width: 100%;" type="text"/></td> <td style="text-align: center;">50 <input style="width: 100%;" type="text"/></td> <td style="text-align: center;">51 <input style="width: 100%;" type="text"/></td> <td style="text-align: center;">21 <input style="width: 100%;" type="text"/></td> <td style="text-align: center;">30 <input style="width: 100%;" type="text"/></td> </tr> <tr> <td style="padding: 2px;">                     Actual amount of dividends other than eligible dividends                      Montant réel des dividendes autres que des dividendes déterminés                 </td> <td style="padding: 2px;">                     Taxable amount of dividends other than eligible dividends                      Montant imposable des dividendes autres que des dividendes déterminés                 </td> <td style="padding: 2px;">                     Dividend tax credit for dividends other than eligible dividends                      Crédit d'impôt pour dividendes autres que des dividendes déterminés                 </td> <td style="padding: 2px;">                     Other income                      Autres revenus                 </td> <td style="padding: 2px;">                     Trust year end                      Fin d'année de la fiducie                 </td> </tr> <tr> <td style="text-align: center;">23 <input style="width: 100%;" type="text"/></td> <td style="text-align: center;">32 <input style="width: 100%;" type="text"/></td> <td style="text-align: center;">39 <input style="width: 100%;" type="text"/></td> <td style="text-align: center;">26 <input style="width: 100%;" type="text"/></td> <td style="text-align: center;">                     Year                      Année <input style="width: 30px;" type="text"/> </td> </tr> <tr> <td style="padding: 2px;">                     Other information (see the back)                      Autres renseignements (lisez le verso)                 </td> <td style="padding: 2px;">                     Box / Case      Amount / Montant                 </td> <td style="padding: 2px;">                     Box / Case      Amount / Montant                 </td> <td colspan="2" style="padding: 2px;">                     Footnotes – Notes                 </td> </tr> <tr> <td style="width:20%;"></td> <td style="width:20%;"></td> <td style="width:20%;"></td> <td colspan="2" style="width:60%;"></td> </tr> </table>	Actual amount of eligible dividends Montant réel des dividendes déterminés	Taxable amount of eligible dividends Montant imposable des dividendes déterminés	Dividend tax credit for eligible dividends Crédit d'impôt pour dividendes déterminés	Capital gains Gains en capital	Capital gains eligible for deduction Gains en capital admissibles pour déduction	49 <input style="width: 100%;" type="text"/>	50 <input style="width: 100%;" type="text"/>	51 <input style="width: 100%;" type="text"/>	21 <input style="width: 100%;" type="text"/>	30 <input style="width: 100%;" type="text"/>	Actual amount of dividends other than eligible dividends Montant réel des dividendes autres que des dividendes déterminés	Taxable amount of dividends other than eligible dividends Montant imposable des dividendes autres que des dividendes déterminés	Dividend tax credit for dividends other than eligible dividends Crédit d'impôt pour dividendes autres que des dividendes déterminés	Other income Autres revenus	Trust year end Fin d'année de la fiducie	23 <input style="width: 100%;" type="text"/>	32 <input style="width: 100%;" type="text"/>	39 <input style="width: 100%;" type="text"/>	26 <input style="width: 100%;" type="text"/>	Year Année <input style="width: 30px;" type="text"/>	Other information (see the back) Autres renseignements (lisez le verso)	Box / Case      Amount / Montant	Box / Case      Amount / Montant	Footnotes – Notes							Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire	Trust's name and address – Nom et adresse de la fiducie
Actual amount of eligible dividends Montant réel des dividendes déterminés	Taxable amount of eligible dividends Montant imposable des dividendes déterminés	Dividend tax credit for eligible dividends Crédit d'impôt pour dividendes déterminés	Capital gains Gains en capital	Capital gains eligible for deduction Gains en capital admissibles pour déduction																													
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Recipient identification number Numéro d'identification du bénéficiaire	Account number Numéro de compte	Report code Code du genre de feuillet	Beneficiary code Code du bénéficiaire	<b>For information, see the back.</b> <b>Pour obtenir des renseignements, lisez le verso.</b>																													
T3 (17)	12 <input style="width: 100%;" type="text"/>	14 <input style="width: 100%;" type="text"/>	16 <input style="width: 100%;" type="text"/>	18 <input style="width: 100%;" type="text"/>																													

T3 SLIP	BOX DESCRIPTION	WHAT TO DO ON YOUR INCOME TAX RETURN
Box 21	Capital gains	Subtract any amount in box 30 from the amount in box 21. Include the difference on line 176 of Schedule 3. Any amount in box 30 is entered in Section 1 or 2 of Schedule 3. All or part of the amount in box 21 may be foreign non-business income, which will be footnoted. Include any footnoted amount for foreign non-business income on line 433 of Form T2209, Federal Foreign Tax Credits.
Box 25	Foreign non-business income	Include this amount in Section II of Schedule 4. Enter the total from line 121 of Schedule 4 to line 121 of your T1 tax return and line 433 of Form T2209.
Box 26	Other income	Include this amount on line 130 of your T1 tax return.
Box 34	Foreign non-business income tax paid	Include this amount on line 1 of Form T2209.
Box 42	Amount resulting in cost base adjustment	This amount represents a distribution that was a return of capital from the fund. Use this amount to adjust the cost base of the mutual fund at the end of the tax year. For more information, see Information Sheet RC4169, Tax Treatment of Mutual Funds for Individuals.
Box 23	Actual amount of dividends other than eligible dividends	Dividends from Canadian corporations: The amounts you have to report as income are the amounts shown in box 32 and box 50. Report the amount in box 32 (dividends other than eligible dividends) and box 50 (eligible dividends) in the appropriate lines in Section I of Schedule 4. The total of box 32 and box 50 will be on line 120 of Schedule 4. Enter this amount on line 120 of your T1 tax return. Enter the total from line 180 of Schedule 4 to line 180 of your T1 tax return. The federal dividend tax credit to which you are entitled is the total of box 39 and box 51. Include the total of these amounts on line 425 of Schedule 1.
Box 32	Taxable amount of dividends other than eligible dividends	
Box 39	Dividend tax credit for dividends other than eligible dividends	
Box 49	Actual amount of eligible dividends	
Box 50	Taxable amount of eligible dividends	
Box 51	Dividend tax credit for eligible dividends	

**RL16 slip (for Quebec residents only)**

RELEVÉ					RL-16 (2016-10)	
<b>16 Revenus de fiducie</b>			Année	Code du relevé	N° du dernier relevé transmis	
A- Gains en capital	B- Paiement unique de retraite	C1- Montant réel des dividendes déterminés	C2- Montant réel des dividendes ordinaires	D- Rente de retraite donnant droit à un crédit d'impôt	E- Revenus d'entreprise de source étrangère	
F- Revenus de placement de source étrangère	G- Autres revenus	H- Gains en capital donnant droit à une déduction	I- Montant imposable des dividendes déterminés et ordinaires	J- Crédit d'impôt pour dividendes	K- Impôt étranger sur des revenus d'entreprise	
L- Impôt étranger sur des revenus non tirés d'une entreprise	M- Rajustement du prix de base d'une participation	N- Dons attribués par un organisme religieux	Numéro d'assurance sociale du bénéficiaire	Autre numéro	Type	Indicateur
Renseignements complémentaires			Numéro d'identification			
			Nom de la fiducie			
			Nom et adresse du fiduciaire ou du liquidateur de succession			
			Nom et adresse du bénéficiaire, et nom du second titulaire (s'il y a lieu)			

SPÉCIMEN



Relevé officiel – Revenu Québec  
Formulaire prescrit – Président-directeur général

RL16 SLIP	BOX DESCRIPTION	WHAT TO DO ON YOUR INCOME TAX RETURN
Box A	Capital gains	Subtract any amount in box H from the amount in box A. Include the difference on line 22 of Schedule G. Include the amount in box H on line 56 of Schedule G.
Box F	Foreign investment income	Include this amount on line 130 of your TP1 tax return.
Box G	Other income	Include this amount on line 154 of your TP1 tax return and include code "08" in box 153.
Box C1	Actual amount of eligible dividends	Dividends from Canadian corporations: Include the total of the amounts shown in box C1 and box C2 to lines 166 and 167 of your TP1 tax return, respectively.
Box C2	Actual amount of ordinary dividends	
Box I	Taxable amount of eligible and ordinary dividends	Include this amount on line 128 of your TP1 tax return.
Box J	Dividend tax credit	Calculate the dividend tax credit separately for eligible dividends (box C1) and ordinary dividends (box C2). Include this amount on line 415 of your TP1 tax return.
Box L	Foreign income tax on non-business income	This amount gives entitlement to the foreign tax credit with regard to non-business income. Complete form TP-772-V, Foreign Tax Credit.
Box M	Cost base adjustment of capital interest	This amount represents a distribution or return of capital from the fund. Use this amount to adjust the cost base at the end of the tax year.

## Corporate Class Funds

Different types of income from Corporate Class Funds will be reported separately in the T5 slip and RL3 slip (page 8 for Quebec residents) issued for non-registered accounts. Distributions paid to registered accounts are not taxable as they are held in a tax-deferred plan.

### Management fee rebates

Sentry, the manager of the Corporate Class Funds, may reduce the management fee that Sentry would otherwise be entitled to receive from the Corporate Class Funds. The amount of any management fee rebate is paid directly to investors by Sentry (the “Management Fee Rebate”) and, therefore, is not treated as a distribution from the Corporate Class Funds and is not included in the T5 slip and RL3 slip. Investors are generally required to include any Management Fee Rebates in their income; however, in certain circumstances investors may instead elect to treat the Management Fee Rebate as a return of capital, which reduces the ACB of the investment. The amount of the Management Fee Rebate is reported on client statements.

If an investor is reporting the rebate as income, they should include this amount in their income tax return.

If the investors treat the rebate as a return of capital, they must complete and file an election with their income tax return under subsection 53(2.1) of the *Income Tax Act* (Canada) that indicates the amount of the rebate that is being treated as a return of capital. With this election, the rebate is not included in income and no tax is paid on the management fee rebate. The return of capital election on the rebate will reduce the ACB such that when the Corporate Class Funds are sold, a higher capital gain will be realized. Investors should keep track of their ACB calculation as Sentry has no record of this election. This election can be made by completing a form similar to the sample Management Fee Rebate Election form below.

#### **Election with respect to amounts received from Sentry Corporate Class Ltd.**

I, [investor name], hereby elect under subsection 53(2.1) of the *Income Tax Act* (Canada) to reduce the cost of shares of Sentry Corporate Class Ltd. by \$●, being the amount of management fee rebate(s) received from Sentry Investment Inc. for the year ended December 31, [tax year]. The cost of the shares will be reduced from \$● to \$● as a result of this election.

Signature \_\_\_\_\_

Date \_\_\_\_\_

T5 slip

<b>Canada Revenue Agency</b> / <b>Agence du revenu du Canada</b>		<b>T5 Statement of Investment Income</b> <b>État des revenus de placement</b>		Year <input style="width: 50px;" type="text"/>	<b>Protected B / Protégé B</b> when completed / une fois rempli	
Dividends from Canadian corporations – Dividendes de sociétés canadiennes		Federal credit – Crédit fédéral		Année		
24 Actual amount of eligible dividends Montant réel des dividendes déterminés	25 Taxable amount of eligible dividends Montant imposable des dividendes déterminés	26 Dividend tax credit for eligible dividends Crédit d'impôt pour dividendes déterminés	13 Interest from Canadian sources Intérêts de source canadienne	18 Capital gains dividends Dividendes sur gains en capital		
10 Actual amount of dividends other than eligible dividends Montant réel des dividendes autres que des dividendes déterminés	11 Taxable amount of dividends other than eligible dividends Montant imposable des dividendes autres que des dividendes déterminés	12 Dividend tax credit for dividends other than eligible dividends Crédit d'impôt pour dividendes autres que des dividendes déterminés	21 Report Code Code du feuillet	22 Recipient identification number Numéro d'identification du bénéficiaire	23 Recipient type Type de bénéficiaire	
Other information (see the back) / Autres renseignements (lisez le verso)						
	<input style="width: 50px;" type="text"/>	<input style="width: 50px;" type="text"/>	<input style="width: 50px;" type="text"/>	<input style="width: 50px;" type="text"/>	<input style="width: 50px;" type="text"/>	<input style="width: 50px;" type="text"/>
Box / Case      Amount / Montant		Box / Case      Amount / Montant		Box / Case      Amount / Montant		Amount / Montant
Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire				Payer's name and address – Nom et adresse du payeur		
Currency and identification codes / Codes de devise et d'identification		27 <input style="width: 50px;" type="text"/>	28 <input style="width: 50px;" type="text"/>	29 <input style="width: 50px;" type="text"/>		Recipient account / Numéro de compte du bénéficiaire
		Foreign currency / Devises étrangères	Transit – Succursale			
See the privacy notice on your return / Consultez l'avis de confidentialité dans votre déclaration.						
T5 (17)						

**For information, see the back. / Pour obtenir des renseignements, lisez le verso.**

T5 SLIP	BOX DESCRIPTION	WHAT TO DO ON YOUR INCOME TAX RETURN
Box 10	Actual amount of dividends other than eligible dividends	Dividends from Canadian corporations other than eligible dividends: The amount to be reported as income is the amount shown in box 11. Report the amount in box 11 in Section I of Schedule 4. Enter the total from line 180 of Schedule 4 to line 180 of your T1 tax return. The dividend tax credit is shown in box 12. Include this amount on line 425 of Schedule 1.
Box 11	Taxable amount of dividends other than eligible dividends	
Box 12	Dividend tax credit for dividends other than eligible dividends	
Box 18	Capital gains dividends	Include this amount in line 174 of Schedule 3, Capital Gains (or Losses).
Box 24	Actual amount of eligible dividends	Eligible dividends from Canadian corporations:
Box 25	Taxable amount of eligible dividends	The amount to be reported as income is the amount shown in box 25. Report the amount in box 25 in Section I of Schedule 4. Enter the total from line 120 of Schedule 4 to line 120 of your T1 tax return. The dividend tax credit is shown in box 26. Include this amount on line 425 of Schedule 1.
Box 26	Dividend tax credit for eligible dividends	



**RL3 slip (for Quebec residents only)**

**RELEVÉ** RL-3 (2016-10)

**3 Revenus de placement**

Année: \_\_\_\_\_ Code du relevé: \_\_\_\_\_ Code de la devise: \_\_\_\_\_ N° du dernier relevé transmis: \_\_\_\_\_

A1- Montant réel des div. déterminés	A2- Montant réel des div. ordinaires	B- Montant imposable des dividendes	C- Crédit d'impôt pour dividendes	D- Intérêts
E- Autres revenus de source canadienne	F- Revenus bruts étrangers	G- Impôts étrangers	H- Redevances de source canadienne	I- Dividendes sur les gains en capital
J- Revenus accumulés (rentes)			Type	Numéro de succursale

Renseignements complémentaires

Numéro d'assurance sociale du bénéficiaire: \_\_\_\_\_ Autre numéro d'identification: \_\_\_\_\_

Nom et adresse du payeur ou du mandataire: \_\_\_\_\_

Nom et adresse du bénéficiaire et nom du second titulaire: \_\_\_\_\_

SPÉCIMEN

**REVENU QUÉBEC**

**Relevé officiel – Revenu Québec**  
Formulaire prescrit – Président-directeur général


RL3 SLIP	BOX DESCRIPTION	WHAT TO DO
Box A1	Actual amount of eligible dividends	Include this amount on line 166 of your TP1 tax return.
Box A2	Actual amount of ordinary dividends	Include this amount on line 167 of your TP1 tax return.
Box B	Taxable amount of eligible and ordinary dividends	Include this amount on line 128 of your TP1 tax return.
Box C	Dividend tax credit	Include this amount on line 415 of your TP1 tax return.
Box I	Capital gains dividends	Include this amount on line 22 of Schedule G.

**Non-residents of Canada**

Non-residents of Canada holding a non-registered account will not receive T3/T5 slips or RL16/RL3 slips (for Quebec residents). Instead, they will receive an NR4 supplementary tax slip to report the taxable portion of the distributions from the mutual funds. Depending on the country of residence, Sentry must withhold a certain percentage of tax on distributions of income paid. Taxable distributions are reported with income code 09 or 11 in box 14.

Distributions from certain mutual funds may be subject to a 15% withholding tax on accessible distributions (reported with income code 59 or 60 in box 14). Distributions of capital gains from the disposition of taxable capital property by certain funds may be subject to withholding tax at a rate based on the investor's country of residence (reported with income code 57 or 58 in box 14).

NR4 slip (for non-residents of Canada only)

 Canada Revenue Agency / Agence du revenu du Canada		<b>NR4</b>		<b>Statement of Amounts Paid or Credited to Non-Residents of Canada</b> <b>État des sommes payées ou créditées à des non-résidents du Canada</b>		
10 Year Année	11 Recipient code Code du bénéficiaire	12 Country code for tax purposes Codes de pays pour fins d'impôts	Payer or agent identification number Numéro d'identification du payeur ou de l'agent		13 Foreign or Canadian tax identification number Numéro d'identification étranger ou canadien aux fins de l'impôt	
Line – Ligne <b>1</b>		14 Income code Code de revenu	15 Currency code Code de devise	16 Gross income Revenu brut	17 Non-resident tax withheld Impôt des non-résidents retenu	18 Exemption code Code d'exemption
Line – Ligne <b>2</b>		24	25	26	27	28


**Non-resident recipient's name and address – Nom et adresse du bénéficiaire non-résident**

Protected B when completed / Protégé B une fois rempli 4 3 2 1	Individual's surname, first name and initial / Corporation, organization, association, trust, or institution name Nom, prénom et initiale du particulier / Nom de la société, de l'organisme, de l'association, de la fiducie ou de l'établissement	Name and address of payer or agent Nom et adresse du payeur ou de l'agent
	Second individual's surname, first name and initial – Nom, prénom et initiale du deuxième particulier	
	Address Adresse	
	Country code Code pays	

Non-resident account number  
Numéro de compte non-résident  
  
**N R** | | | | | | | |

See the privacy notice after the codes on the next page.  
Consultez l'avis de confidentialité qui suit les codes à page suivante.

NR4 (17)



NR4 SLIP	BOX DESCRIPTION	WHAT IS THIS
Box 16	Gross income	Distribution amount, excluding any capital gain or return of capital component.
Box 17	Non-resident tax withheld	Tax withheld by Sentry from the distribution and remitted to Canada Revenue Agency. This may be deductible against tax payable in the investors' country of residence.

For U.S. taxpayer investors, Sentry funds may be deemed to be classified as Passive Foreign Investment Companies (“PFIC”), as defined in section 1297(a) of the U.S. Internal Revenue Code of 1986 (“IRC”). Sentry provides the Combined PFIC Annual Information Statements (“AIS”) for each fund, which are posted in the Sentry website (for the benefit of U.S. taxpayer investors who have filed a qualified electing fund (“QEF”) election with the IRS for such fund), along with IRS Form 8621, IRS Form 8937 and Instructions for Form 8621. The information in the PFIC AIS will differ from the information on the T3/T5, RL3/RL16 or NR4 slips. U.S. investors must generally include the IRS Form 8621 for each mutual fund investment with their U.S. income tax return. Sentry recommends that all U.S. taxpayer investors consult a tax advisor concerning the overall tax consequences of their ownership of Canadian mutual funds and their U.S. tax reporting requirements.



## Transactions:

- 1. Mar. 15, 2017** – Purchase \$10,000 of Fund A (Trust Funds units) at \$15.00 per unit for a total of 666.667 units.
- 2. Jul. 15, 2017** – Purchase \$5,000 of Fund A at \$14.00 per unit for a total of 357.143 units.
- 3. Dec. 15, 2017** – Fund A paid a distribution of \$0.10 per unit (which includes a ROC of \$0.03 per unit). Investor received a distribution of \$102.38 (1,023.810 units x \$0.10) which was reinvested in additional units at NAV of \$16.00, resulting in 6.399 additional units ( $\$102.38 \div \$16.00$ ).  
ACB per unit after distribution was \$14.6297.
- 4. Jan. 20, 2018** – Investor redeemed 400 units at \$16.50 per unit for gross redemption proceeds of \$6,600.00. Redemption fee was 2.0% DSC rate ( $2.0\% \times \$6,600 = \$132$ ).  
Net proceeds of the redemption were \$6,468.  
ACB of the units redeemed was \$5,851.89 (400 units x \$14.6297).  
ACB per unit after redemption was \$14.6297 ( $\$9,219.78$  divided by 630.209 units).  
Note: There is no change in the ACB per unit before and after redemption.

## Calculating your capital gains or capital losses

Capital gains occur when you redeem your mutual fund investments at a price that is higher than your ACB. Capital losses occur when you redeem at a price that is lower than your ACB. Capital gains or capital losses are calculated as follows:

$$\begin{array}{ccc} \text{Proceeds of disposition} & - & \text{ACB of the mutual fund securities} \\ \text{(gross redemption amount)} & & - \text{ Expenses incurred on the redemption} \\ & & \text{of the mutual fund securities} \end{array}$$

Example of how to calculate your capital gains or capital losses:

	TRANSACTIONS	AMOUNT
Proceeds of redemption	Gross redemption (#4)	\$6,600.00
	-	
ACB of units redeemed	Redemption ACB (#4)	\$(5,851.89)
	-	
Expenses incurred on the redemption	Redemption fee ( $\$6,600 \times \text{DSC rate at } 2\%$ )	\$(132.00)
<b>Total capital gains (losses)</b>		<b>\$616.11</b>

## Reporting your capital gains or capital losses

Mutual fund investors must report their capital gains or losses from the disposition of mutual funds on Schedule 3 of their income tax return under section 3, “Publicly traded shares, mutual fund units, deferral of eligible small business corporation shares, and other shares.” In Quebec, capital gains or losses are reported on Schedule G in Part A “Capital property” under the section “Shares and mutual fund units”. Capital gains or losses shown on a T3 or T5 slip are reported on line 174 or 176 of Schedule 3, while capital gains or losses shown on an RL16 or RL3 slip are reported on line 22 or Schedule G.

Schedule 3 of T1 (page 2)

Protected B when completed

Enter the amount from line A on the previous page.			<b>B</b>
Capital gains deferral from qualifying dispositions of eligible small business corporation shares (included in number 3 on the previous page)	161	-	<b>C</b>
	Line B minus line C =		<b>D</b>
Farming and fishing income eligible for the capital gains deduction from the disposition of eligible capital property (for details, see Form T657)	173		<b>E</b>
<b>T5, T5013, and T4PS information slips</b> – Capital gains (or losses)	174		<b>F</b>
<b>T3 information slips</b> – Capital gains (or losses)	176		<b>G</b>
	Add lines D, F, and G. =		<b>H</b>
Capital loss from a reduction in your business investment loss	178	-	<b>I</b>
<b>Total of all gains (or losses) before reserves:</b> line H minus line I	191	=	<b>J</b>
Reserves from line 6706 of Form T2017 (if negative, show it in brackets and subtract it)	192	+	<b>K</b>
<b>Total capital gains (or losses):</b> line J plus line K	197	=	<b>L</b>
Multiply the amount on line 197 by 50%.			
Enter the taxable capital gains on line 127 of your return. If it is a net capital loss, see line 127 in the guide.	<b>Taxable capital gains (or net capital loss) in 2017</b>		199

**Principal residence**

Complete this section if you disposed of a property (or properties) in 2017 for which you are claiming a principal residence exemption.

In all cases you are required to **complete** Form T2091(IND), *Designation of a property as a principal residence by an individual*, or Form T1255, *Designation of a Property as a Principal Residence by the Legal Representative of a Deceased Individual*, whichever applies.

Even if you do not sell your property you may have a **deemed disposition** that must be reported. For more information, see line 127 in the guide.

If you were **not** a resident of Canada for the entire time you owned the designated property, your period of non-residence may reduce the amount of the principal residence exemption or eliminate it. For more information, contact us.

**Principal residence designation**

Tick the box that applies to your designation.

- 179
- 1  I designate the property described on Form T2091(IND) or Form T1255 to have been my principal residence for **all years owned** or for all years owned except one year, being a year in which I replaced my principal residence.
  - 2  I designate the property described on Form T2091(IND) or Form T1255 to have been my principal residence for **some, but not all, years owned**.
  - 3  I designate the **properties** described on Form T2091(IND) or Form T1255 to have been my principal residences for **some or all of the years owned**.

SCHEDULE 3 OF T1	WHAT IS THIS	EXAMPLE
Number	The number of units or shares of your mutual fund that you have redeemed during the period.	400
Name of fund/corp. and class of shares	The name of the mutual fund from which you redeemed your units or shares.	Fund A
Year of acquisition (Column 1)	The year and month when you originally purchased the mutual fund.	March 2017
Proceeds of disposition (Column 2)	The gross amount received before any redemption expenses.	\$6,600.00
ACB (Column 3)	ACB of the mutual fund units or shares redeemed.	\$5,851.89
Outlays and expenses (from dispositions) (Column 4)	Redemption fees or transfer fees, if any, charged to your redemption transactions.	\$132.00
Gain (or loss) (Column 5)	The difference between the proceeds of disposition (Column 2) and ACB (Column 3), less outlays and expenses (Column 4).	\$616.11
Taxable capital gains (or net capital loss) (Line 199)	<p>This amount equals 50% of the total gain (or loss).</p> <p>If positive, report the taxable capital gain on line 127 of page 2 of your income tax return.</p> <p>If negative, you have a net capital loss. Capital losses can be used to reduce or offset capital gains realized in the current tax year, the previous three taxation years, or they can be carried forward indefinitely to reduce future capital gains.</p>	\$308.05



# Capital Gains and Losses



You must complete this schedule if you disposed of capital property in 2017 or if you are required to report a capital gain resulting from a reserve claimed in 2016.

If you need more space, attach a sheet containing the required information and carry the result of your calculations for each class of property to the corresponding line of this schedule.

If you sustained a loss, enter the amount of the loss, preceded by a minus sign (-), on the appropriate line.

## A Capital property (except capital property identified in Part B or Part C)

### Shares and mutual fund units

Name of corporation or fund _____	Proceeds of disposition _____	_____	A
Number of shares or units _____	Adjusted cost base _____	_____	B
Acquisition date Y M	Expenses relating to the disposition _____	_____	C
Subtract lines B and C from line A.			<b>Gain (or loss)</b> ▶ 10 _____

### Bonds, debt securities, interests in a partnership, and other securities or property

Issuer _____	Proceeds of disposition _____	_____	A
Face value _____	Adjusted cost base _____	_____	B
Maturity date Y M	Expenses relating to the disposition _____	_____	C
Acquisition date Y M			<b>Gain (or loss)</b> ▶ 12 _____
Subtract lines B and C from line A.			

### Immovables and depreciable property (Do not take into account losses sustained on the disposition of depreciable property.)

Address or legal description _____	Proceeds of disposition _____	13 _____	A
Acquisition date Y M	Adjusted cost base _____	_____	B
		_____	C
Subtract lines B and C from line A.			<b>Gain (or loss)</b> ▶ 14 _____

### Personal-use property (automobiles, cottages, boats, etc.) (See line 139 in the guide.)

Description _____	Proceeds of disposition _____	15 _____	A
Acquisition date Y M	Adjusted cost base _____	_____	B
		_____	C
Subtract lines B and C from line A.			<b>Gain</b> ▶ 16 _____

### Precious property (jewellery, coins, paintings, stamps, etc.) (See line 139 in the guide.)

Description _____	Proceeds of disposition _____	_____	A
Acquisition date Y M	Adjusted cost base _____	_____	B
		_____	C
Subtract lines B and C from line A.			<b>Total</b> = 18 _____
Losses sustained on the disposition of precious property in previous years	-	19 _____	
Subtract line 19 from line 18. If the result is <b>negative</b> , enter 0.			<b>Net gain</b> ▶ 20 _____

Capital gains (or losses): RL-3 slip, box I; RL-15 slip, box 12 (except gains or losses on line 47); RL-16 slip, box A minus box H; RL-25 slip, box B	+	22	_____
Capital gains (or losses) from a partnership, if they are not included on line 22	+	24	_____
Add (or subtract, if applicable) lines 10, 12, 14, 16, 20, 22 and 24.	=	26	_____
Capital loss attributable to the reduction of a business investment loss.			_____
Complete form TP-232.1-V.	-	28	_____
Subtract line 28 from line 26.	=	30	_____
<b>Capital gains (or losses) before reserves</b>			

Enclose a copy of this schedule with your return.

Continued on the next page.



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Amount from line 30		30	
Amount of your 2017 reserve for property disposed of in 2017 (see line 139 in the guide)	-	32	
Subtract line 32 from line 30.	=	34	
Amount of your 2016 reserve		36	
Amount of your 2017 reserve for property disposed of before 2017	-	38	
Subtract line 38 from line 36.	=	40	
Add lines 34 and 40.			
Carry the result (whether positive or negative) to line 88.			
<b>Capital gains (or losses)</b>	=	44	

**B Resource property**

Name of corporation		Proceeds of disposition		A
Number of shares, if applicable		Adjusted cost base	-	B
Acquisition date	Y M	Expenses relating to the disposition	-	C
Subtract lines B and C from line A.		<b>Gain (or loss)</b>		
Capital gains (or losses) from resource property: <i>RL-15 slip, box 12</i> (except gains or losses on line 22)			+	46
Capital gains (or losses) from a partnership, if the gains or losses are not included on line 47			+	47
Add lines 46 through 48.				
Carry the result (whether positive or negative) to line 88.				
<b>Capital gains (or losses)</b>	=			50

**C Qualified farm or fishing property and qualified small business corporation shares (except property covered on line 234 of your return)**

Check the box(es) corresponding to the property you disposed of:

- Farm property .....  51
- Fishing property .....  52
- Small business corporation shares .....  53

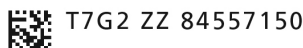
If you disposed of qualified shares in a corporation as part of the transfer of a family business, check box 55. ....  55

Description		Proceeds of disposition		A
Number of shares, if applicable		Adjusted cost base	-	B
Acquisition date	Y M	Expenses relating to the disposition	-	C
Subtract lines B and C from line A.		<b>Gain (or loss)</b>		
Capital gains (or losses): <i>RL-15 slip, box 10; RL-16 slip, box H; RL-25 slip, box C</i>			+	54
Capital gains (or losses) from a partnership, if they are not included on line 56			+	56
Add lines 54 through 58.				
<b>Capital gains (or losses) before reserves</b>	=			60
Amount of your 2017 reserve for property disposed of in 2017			-	63
Subtract line 63 from line 60.			=	68
Amount of your 2016 reserve for property disposed of <b>after March 18, 2007</b> (lines 63 and 77 of Schedule G for 2016)				
Date the property was disposed of	75 Y M D			74
Amount of your 2017 reserve for the property covered on line 74			-	77
Subtract line 77 from line 74.			=	80
Add lines 68 and 80.				
Carry the result (whether positive or negative) to line 88.				
<b>Capital gains (or losses)</b>	=			84

Farm or fishing income derived from the disposition of incorporeal capital property. Enter only the portion giving entitlement to the deduction (see line 292 in the guide).		86	
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**D Taxable capital gains (or net capital loss)**

Add lines 44, 50 and 84.		88	
Deferral of capital gains realized on a disposition of small business corporation shares	-	94	
Subtract line 94 from line 88.	=	96	
Multiply line 96 by 50%. If the result is <b>positive</b> , carry it to line 139 of your return. If it is <b>negative</b> , do not enter it on line 139 of your return. See "Net capital loss" (line 139 in the guide).	×		50%
<b>Taxable capital gains (or net capital loss)</b>	=	98	





SCHEDULE G (REVENU QUÉBEC) SECTION A – CAPITAL PROPERTY	WHAT IS THIS	EXAMPLE
Name of corporation or fund	The name of the mutual fund from which you redeemed your units or shares.	Fund A
Number of shares or units	The number of units or shares of your mutual fund that you have redeemed during the period.	400
Acquisition date	The year when you originally purchased the mutual fund.	2017
Proceeds of disposition (A)	The gross amount received before any redemption expenses.	\$6,600.00
Adjusted cost base (B)	ACB of the mutual fund units or shares redeemed.	\$5,851.89
Expenses relating to the disposition (C)	Redemption fees or transfer fees, if any, charged to your redemption transactions.	\$132.00
Gain (or loss) (Box 10)	The difference between the proceeds of disposition (A) and ACB (B), less expenses relating to the disposition (C).	\$616.11
Taxable capital gains (or net capital loss) (Box 98)	This amount equals 50% of total gain (or loss).  If positive, report the taxable capital gain on line 139 of your Quebec tax return.  If negative, you have a net capital loss. Capital losses can be used to reduce or offset capital gains realized in the current tax year, the previous three taxation years, or they can be carried forward indefinitely to reduce future capital gains.	\$308.05

## Appendix

### Comparison of marginal tax rates

Here are the top marginal tax rates in each of Canada's provinces and territories for 2018:

Nova Scotia	54.00%	Saskatchewan	47.50%
Quebec	53.31%	Northwest Territories	47.05%
Ontario*	51.97%/53.53%	Yukon*	45.80%/48.00%
Prince Edward Island	51.37%	Newfoundland and Labrador	51.30%
New Brunswick	53.30%	Nunavut	44.50%
Manitoba	50.40%	Alberta*	47.00%/48.00%
British Columbia	49.80%		

\* Ontario, Yukon and Alberta have a top bracket above the top federal tax bracket. Individuals with taxable income above \$220,000 in Ontario or \$500,000 in Yukon or \$307,547 in Alberta should use the higher rate.

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The examples in this guide are based on a number of assumptions, including those listed on pages 2, 10-16, and are illustrative of the application of the income tax provisions to a hypothetical investor based on the assumptions noted and unless otherwise stated, do not consider the investor's province or territory of residence.

Commissions, trailing commissions, management fees and expenses all may be associated with these types of investments.

Mutual fund investments are not guaranteed, their values change frequently and past performance may not be repeated. Each Sentry mutual fund has its own distribution policy and Sentry may adjust the amount of monthly distributions or dividends without notice at any time as market conditions change. Investors should read the prospectus before investing. To learn more, contact your Sentry sales representative or visit [www.sentry.ca](http://www.sentry.ca).

The information in this guide is intended to provide assistance with reporting tax information related to an investment in a mutual fund. It is not intended to be considered as professional tax advice. The information is based on the tax slips required by the tax authorities to be issued to taxpayers with investments in mutual funds and reflects the common types of items on those slips that are reported in an individual's tax return. Each investor's situation is unique and each investor will need to consider other slips with similar types of items to report or amounts of similar types of items from other sources if no slip is provided when completing his/her own tax return.

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