

AGF & ACUITY MUTUAL FUNDS | 2011

# INCOME TAX AND CAPITAL GAINS INFORMATION

This booklet covers income tax reporting information relating to your AGF investments and capital gains. As always, we recommend that you check with your tax advisor for complete income tax reporting guidelines.



What are you doing after work?®





## WHAT IS NEW?

### **Income tax and capital gains information for your investments**

In order to assist you in the preparation of your 2011 income tax return, we have prepared this guide to outline tax reporting issues for your investments. Keep this guide specifically for reference purposes when you prepare your income tax return.

This guide has been prepared for individual investors. If you are a corporation or a trust, please contact your tax advisor for assistance. This document is intended to be of assistance with regard to your AGF investments and is not a complete reference for any other type of reporting, nor it is intended to constitute tax advice. We recommend that investors consult their tax advisors for additional assistance prior to submitting their tax returns.

### **Acquisition**

Effective February 1, 2011, Acuity Funds Limited and Acuity Investment Management Inc. (“Acuity”) are wholly owned subsidiaries of AGF Investments Inc. The acquisition added to AGF’s diversified family of mutual funds new group of funds from Acuity. Acuity Funds Limited continues to be the investment fund manager of the Acuity funds.

### **New funds and other fund changes**

See page 8 for the summary of new funds and other fund changes, including the additions of Acuity funds acquired on February 1, 2011.

## INCOME TAX REPORTING FOR NON-REGISTERED INVESTMENTS

Distributions on mutual funds held in a tax-deferred plan(s) do not need to be reported as taxable income as long as they stay within the plan.

Mutual fund refers to either a mutual fund trust (called “Fund or Portfolio”) or a mutual fund corporation (called “Class”). In 2011, distributions were made from both the mutual fund trusts and the mutual fund corporations.

If you held an investment outside of a tax-deferred plan such as a Retirement Savings Plan (RSP), a Retirement Income Fund (RIF), a Registered Education Savings Plan (RESP), or a Tax Free Savings Account (TFSA), you are required to report the following income on your income tax return:

- distributions in the form of interest, dividends or capital gains paid to you by any fund;
- gains (or losses) realized when selling or redeeming units or shares of your fund (except conversions within AGF All World Tax Advantage Group Limited).

For more detailed information on the tax treatment of income received by an individual from Canadian mutual funds, refer to Canada Revenue Agency (CRA) information guide RC4169 – “*Tax Treatment of Mutual Funds for Individuals*”.

**Q:** What tax reporting slips does AGF provide me in order to report dividends/distributions paid by funds, portfolios or classes?

**A: For Canadian Residents:**

**Funds or portfolios**

If the funds or portfolios you invested in paid a distribution in 2011, you were issued a “consolidated” T3/RL16 slip with your annual statement, aggregating the reporting of distributions from your funds or portfolios. However, the T3/RL16 will be mailed to you even if you did not receive an annual statement from AGF.

A T3/RL16 slip has been issued per fund or portfolio unless the income consists solely of “other income” (usually interest) and is less than \$1.

**Classes**

If the classes you invested in paid a dividend and/or a distribution in 2011, you were issued a “consolidated” T5/RL3 slip with your annual statement, aggregating the reporting of the dividends and/or distributions from the classes in each account. However, the T5/RL3 slip will be mailed to you even if you did not receive an annual statement from AGF.

You were issued a T5/RL3 slip if the dividend and/or distribution per account in the year were \$1 or more.

**For non-Canadian residents:**

If your fund made a distribution in 2011, you will receive an NR4 slip(s). AGF issues an NR4 slip for each fund that paid distributions not less than \$1 or taxes withheld.

To determine where to report the income on your personal tax return, refer to the “Mutual Fund Distributions and Income Tax Reporting” table at the end of this booklet.

*Note: Distributions received on funds held within a tax-deferred plan such as an RSP are not required to be reported as taxable income as long as they stay within the plan.*

**Q:** For tax reporting purposes, is there a difference between distributions that were reinvested in additional units or shares and those received in cash?

**A:** Distributions used to purchase additional units or shares (reinvested distributions) and cash distributions are treated in the same manner for tax purposes – that is, you must report them on your tax return as income for the year (unless the distribution is received within a tax-deferred plan). The additional units you buy upon reinvestment should be factored into the calculation of the Adjusted Cost Base (ACB) of your investments. This will ensure that you are not taxed twice when you sell your mutual fund in the future (see example below).

**EXAMPLE: CALCULATION OF ADJUSTED COST BASE (ACB)**

Transactions	Cost A	# of Units B	ACB per Unit A÷B
2003 Purchase (includes any applicable acquisition fee)	\$10,000.00	1,000.000	\$10.00
Reinvested Distribution	300.00	29.940	10.02
	<b>10,300.00</b>	<b>1,029.940</b>	<b>10.00</b>
2004 Purchase	12,000.00	1,142.857	10.50
Reinvested Distribution	750.00	70.755	10.60
	<b>23,050.00</b>	<b>2,243.552</b>	<b>10.27</b>
2011 Redemption (\$5,000.00) (sold at a price of \$10.70)	(4,799.07)	(467.290)	10.27
Reinvested Distribution <sup>1</sup>	250.00	23.148	10.80
Return of Capital <sup>2</sup> of \$100 reported in Box 42 of the T3 slip or Box M of the RL16 slip for fund/portfolios or in the footnotes on a T5/RL3 slip for classes.	(100.00)		
<b>ACB at Dec. 31, 2011</b>	<b>\$18,400.93</b>	<b>1,799.410</b>	<b>\$10.23</b>

*You should always use your own investment records to calculate your gains or losses. As some of our records are based on third-party data for which we are unable to guarantee accuracy, the Statement of Account or Capital Gains Summary provided by AGF is for information purposes only and is not intended for use as the exclusive source of income tax information.*

<sup>1</sup> 2011 total reinvested distribution of \$250 included a return of capital of \$100.

<sup>2</sup> A return of capital reduces the calculation of ACB.

**Q:** What capital gain inclusion rate should I use to determine my taxable capital gain in 2011 when I receive a T3 or T5 slip (T3/RL16 or T5/RL3 for Quebec residents) reporting capital gains distributions?

**A:** The capital gain inclusion rate for 2011 is 50%. This percentage is applied to the amount of capital gain distribution, which is reported in Box 21 of the T3 slip (Box A of RL16) or Box 18 of the T5 slip (Box I of RL3), to determine your taxable capital gain.

## REPORTING OF CAPITAL GAINS AND LOSSES

### Determining a capital gain (loss)

A capital gain occurs when you redeem your mutual fund units or shares at a unit price that is higher than the ACB.

On the other hand, a capital loss occurs when you sell at a unit price that is lower than your ACB. Determining your ACB involves more than simply knowing your original investment price. The ACB is the cost of your units or shares, plus any expenses you incurred to acquire them, such as commission and annual fees.

Other factors such as additional purchases, partial redemptions, transfers and reinvested distributions will also affect your ACB. You must factor in all these types of transactions to determine your ACB for tax purposes. A capital gain (loss) is calculated as follows:

**EXAMPLE: CAPITAL GAINS CALCULATION**

Redemption Amount	–	Adjusted Cost Base (ACB)	–	Redemption Fees	=	Capital Gain
\$10,000.00	–	\$4,500.00	–	\$500.00	=	\$5,000.00

**Q:** What type of redemption transactions require me to report capital gains or capital losses?

**A:** Redemption transactions that require capital gains or capital losses reporting include:

- sale of mutual fund units or shares held within Cash or Self-Directed Cash plans;
- transfer of assets from one fund to another (except within AGF All World Tax Advantage Group Limited) including those pursuant to the AGF Canadian Asset Allocation Service;
- fees paid by a redemption of units or shares;
- conversion fees paid on a transfer of assets from one class to another within AGF All World Tax Advantage Group Limited.

**Q:** What type of redemptions do not require capital gains or capital losses reporting?

**A:** Redemptions of units or shares are not required to be reported as capital gains or capital losses for the following transactions:

- sale of mutual fund units or shares held within a registered plan such as an RRSP (including spousal and group RRSP), RRIF (including spousal), LIRA, LRSP, RLSP, LIF, LRIF, RLIF, PRIF, TFSA (and group TFSA), or RESP (including group and family plan RESP);
- conversion of one class of shares of AGF All World Tax Advantage Group Limited into shares of another class of shares of AGF All World Tax Advantage Group Limited;
- transfer of units or shares between mutual fund series of the same fund.

**Q:** Why am I receiving capital gains or income distributions in a year when my investment had negative performance?

**A:** A distribution may reflect income or gain realized in a fund, regardless of fund performance.

Other than a fund that pays a fixed distribution, a distribution is only paid to ensure that the fund does not have to pay tax. Many investors are better off receiving distributions paid by a fund because distributions are often taxed at a lower rate in the hands of the investors compared to a mutual fund which is subject to the highest marginal tax rate.

Fund performance mainly consists of three components:

PERFORMANCE COMPONENT	
	Taxable and distributable?
Net income earned by the fund, which is equal to dividend and other income less fund expenses	Yes
Realized capital gains on the disposition of portfolio securities	Yes
Unrealized capital gains from market appreciation of portfolio securities	No

The buying and selling of investments in a fund is continuously reviewed by the portfolio managers of the fund.

Many equity funds appreciate in value due to increases in the value of the underlying investments. Any increase in value is not included in the taxable income of the fund until an investment is sold. (This is the same as if you owned the stocks and bonds yourself, where you would not report any gains until you sold the investment.)

**Q:** I invested in the fund in the middle of the year, am I only entitled to a pro-rated portion of the distributions?

**A:** No, the distributions allocated to you are based on the number of units you owned on the record day, the date established by an issuer of a security for the purpose of determining dividend or distribution. As long as you own the fund on the record day, you will be allocated the full amount of the distributions regardless of how long you held the fund.

**Q:** How do I determine my Adjusted Cost Base (ACB)?

**A:** To determine your ACB, you must keep track of all transactions resulting in the purchase, sale, reinvestment of distributions or transfer of mutual fund units or shares. Distributions, other than return of capital distributions, received in cash do not affect your ACB. Acquisition fees paid for the purchase of mutual funds increase your ACB (see example on page 3).

**Q:** How do I report a capital gain/(loss) on my T1-2011 Personal Income Tax and Benefit Return?

**A:** When you redeem your mutual fund units or shares, you may have a capital gain or a capital loss. Generally, only 50% of your 2011 capital gain or capital loss becomes the taxable capital gain or allowable capital loss.

Mutual fund investors must report the capital gain/(loss) on Schedule 3 of their tax return under section 3 “Publicly traded shares, mutual fund units, deferral of eligible small business corporation shares, and other shares.” (See below an excerpt of T1-2011 Schedule 3, Capital Gains (or Losses) in 2011.)

## REPORTING A CAPITAL GAIN ON A SCHEDULE 3 BASED ON A \$5,000.00 REDEMPTION

T1-2011		Capital Gains (or Losses) in 2011				Schedule 3	
Read line 127 in the <i>General Income Tax and Benefit Guide</i> . For more information, read chapter 2 in the Guide T4037 called <i>Capital Gains</i> .							
Attach a separate sheet of paper if you need more space. Attach a copy of this schedule to your return.							
		(1) Year of acquisition	(2) Proceeds of disposition	(3) Adjusted cost base	(4) Outlays and expenses (from dispositions)	(5) Gain (or loss) (column 2 minus columns 3 and 4)	
<b>A</b>		<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	
3. Publicly traded shares, mutual fund units, deferral of eligible small business corporation shares, and other shares.							
Number	Name of fund/corporation and class of shares					Gain (or loss)	
490.196	Fund Name	2000-01	5 000.00	4 901.96	40.00	58.04	
		Total	5 000.00			Gain (or loss)	
						132	
						58.04	

COLUMN	DESCRIPTION
<b>A</b> Number of shares:	Number of units or shares redeemed. Please refer to your Capital Gains Summary.
<b>B</b> Name of fund/corporation and class of shares:	Name of the fund redeemed.
<b>C</b> Year of acquisition:	The year(s) over which the units or shares were acquired.
<b>D</b> Proceeds of disposition:	The gross amount reported on your redemption.
<b>E</b> Adjusted Cost Base (ACB):	Usually the cost of your investment plus any expenses to acquire it, such as commission. Please note that any return of capital received reduces your ACB. Return of capital is reported on Box 42 of the T3 slip or Box M of the RL16 slip for funds/portfolios or in the footnotes on a T5/RL3 for classes. (Refer to the example on page 3.) Special rules may also apply if your investments were acquired prior to 1972.
<b>F</b> Outlays and expenses (from dispositions):	Charges or commissions you paid as a result of your redemption.
<b>G</b> Gain (or loss):	You have realized a capital gain if the proceeds of disposition (item D) exceed the sum of the ACB (item E) plus outlays and expenses (item F). You have realized a capital loss if the proceeds of disposition (item D) are less than the sum of the ACB (item E) plus outlays and expenses (item F).

**Q:** What is a return of capital? Do I pay tax on this?

**A: Funds or portfolios**

A return of capital is part of the distributions made by the fund that exceeds the amount of taxable income of the fund in that year. A return of capital is generally a distribution of some of your invested capital in the mutual fund. You do not pay tax on this amount and you do not include it in your taxable income for the year.

The “return of capital” is reported in Box 42 of a T3 slip or Box M of a RL16 slip (disclosed as a footnote on an NR4 slip). This amount reduces the ACB of your investment.

**Classes**

A return of capital distribution from a class represents a distribution of capital which is generally a distribution of your invested capital in the fund. You do not pay tax on this amount and you do not include it in your taxable income for the year.

The “return of capital distribution” from a class is disclosed in the footnote area of a T5 slip, a RL 3 slip and an NR4 slip. This amount reduces the ACB of your investment.

**Q:** What happens if the adjusted cost base (ACB) is reduced to zero or becomes negative?

**A:** It is possible that if distributions of return of capital (ROC) are received over an extended period of time that the adjusted cost base of the investment could fall to zero or become negative. If this occurs, the negative amount is deemed to be a capital gain in that taxation year. Any further ROC distributions will result in a capital gain in the year in which they occur.

**Q:** How does AGF report the proceeds from a mutual fund redemption?

**A:** AGF is required to report the proceeds of disposition on certain redemption transactions to Canada Revenue Agency (CRA). An income tax form, however, is not issued with respect to these transactions. They are highlighted by an asterisk (“\*”) on your Annual Statement of Account in the Account Activity section. If your investments are registered under the nominee name (i.e. your financial advisor’s firm), such transactions may be reported separately to you by your financial advisor’s company. You are required to report the gains or losses on your income tax return as described on page 5.

You should always use your own investment records to calculate the gains or losses, as some of our records are based on third-party data for which we are unable to guarantee accuracy. The Statement of Account or Capital Gains Summary provided by AGF is for information purposes only and is not intended for use as the exclusive source of income tax information.

**Q:** Does the selling of one fund to buy another fund require tax reporting?

**A:** Changing your investment from one fund to another, within your Cash or Self-Directed Cash plans, is considered a transfer and is treated as a redemption and purchase transaction for tax reporting purposes. You must report the capital gain/(loss) on the fund from which you transferred out.

There is one exception: Conversions between classes within the AGF All World Tax Advantage Group Limited do not trigger the reporting of capital gains (or losses), unless a commission is charged.

**Q:** Are capital gains taxed differently than other types of income?

**A:** Yes. Only 50% of the amount of capital gains is taxable if you redeem your units or shares during 2011. The taxable amount is calculated on Line 199 of Schedule 3 of your personal tax return (and line 98 of Schedule G of your Quebec Tax return, if required). The sum of all taxable capital gains (or allowable capital losses) reported on Schedule 3 is to be entered on Line 127 of your return (and Line 139 of your Quebec Income Tax Return, if required), if the sum is positive. If the amount is negative, see CRA guide T4037 entitled “Capital Gains” for treatment of net capital losses.

**Q:** What happens if I sell the mutual funds and realize a capital loss?

**A:** If you sell the mutual funds and realize a capital loss, this loss can be used to reduce capital gains realized on the disposition of other property.

**Q:** Are capital losses deductible?

**A:** Capital losses may be applied against capital gains taxed in the preceding three years to reduce tax payable. If no prior capital gains are available, you should keep a record of the losses to offset future capital gains. Capital losses cannot be used as a deduction against any other types of income except capital gains, nor may capital losses be used on their own to reduce income. For greater detail, consult the CRA guide T4037 entitled “Capital Gains”.

**Q:** How do I apply my net capital losses of other years to 2011?

**A:** You can apply net capital losses of other years to reduce your taxable capital gains in 2011. The amount of deduction you claim depends on when you incurred the loss because the inclusion rates used to determine taxable capital gains and allowable capital losses have changed over the years.

All inclusion rates are shown in the table below.

INCLUSION RATES	
Period net capital loss incurred	Inclusion rate
1972 to 1987	50%
1988 and 1989	66.67%
1990 to 1999	75%
2000	*
2001 to 2011	50%

\* The inclusion rate for 2000 can be found on line 16 in Part 4 of Schedule 3 on your 2000 personal income tax return.

You have to apply net capital losses that arose in earlier years before you apply net capital losses of later years.

When you apply a net capital loss of a previous year to reduce your taxable capital gains in 2011, and the inclusion rates for the two years are different, you must first adjust the amount of the net capital loss to match the inclusion rate of 2011 by using an adjustment factor. The adjustment factor is determined by dividing the inclusion rate for 2011 by the inclusion rate for the year in which the net capital loss arose. The principle is that a dollar of actual loss should offset a dollar of actual gain before applying the inclusion rate to either the gain or loss.

To determine the amount of net capital loss to be carryforward to 2011, multiply the adjustment factor by the amount of net capital loss to be applied. Then you can apply the net capital loss carryforward against your 2011 taxable capital gain.

The application of net capital losses of other years to 2011 is illustrated in the following example.

**Example:**

Mark had a net capital loss of \$1,500 in 1999 and wishes to apply it against his taxable capital gains of \$1,800 in 2011. Mark had no other capital gains or losses. Inclusion rate for 1999 was 75%. Mark applies his 1999 net capital loss in 2011 as follows:

Determine his adjustment factor by dividing the inclusion rate for 2011 by the inclusion rate for 1999, the year in which the loss arose.

$$\text{Adjustment factor} = \frac{50\%}{75\%} = 66.67\%$$

To determine the amount of net capital loss he can utilize in 2011, Mark multiplies the adjustment factor by the amount of net capital loss for 1999.

$$\begin{aligned} \text{Net capital loss for carryforward} &= \text{Adjustment factor} \times \text{Net capital loss to be applied} \\ &= 66.67\% \times \$1,500 \\ &= \$1,000 \end{aligned}$$

Mark claims the adjusted net capital loss of \$1,000 against his taxable capital gain of \$1,800 in 2011 and reports a net taxable capital gain of only \$800 in 2011.

For more detailed information on capital gains and losses, refer to the CRA guide T4037 entitled "Capital Gains".

## AGF FUNDS REFERENCE TABLE FOR FUND CHANGES IN 2011

### New funds

NEW FUND	FUND START DATE
AGF Canadian Small Cap Opportunities Fund	May 9, 2011
AGF Emerging Markets Focused Fund	July 8, 2011
AGF Tactical Pooled Income Fund	September 13, 2011

### Name changes

OLD NAME	NEW NAME
Acuity Diversified Income Class	AGF Diversified Income Class
Acuity High Income Class	AGF High Income Class

### Additions of Acuity funds acquired on February 1, 2011

FUND NAME	FUND NAME
Acuity All Cap 30 Canadian Equity Class	Acuity All Cap 30 Canadian Equity Fund
Acuity Canadian Balanced Fund	Acuity Canadian Equity Fund
Acuity Canadian Small Cap Fund	Acuity Clean Environment Equity Fund
Acuity Conservative Asset Allocation Fund	Acuity Dividend Fund
Acuity Diversified Income Class	Acuity Diversified Income Fund
Acuity EAFE Equity Fund	Acuity Fixed Income Fund
Acuity Focused Total Return Trust	Acuity Global Dividend Fund
Acuity Global High Income Fund	Acuity Growth & Income Fund
Acuity Growth & Income Trust	Acuity High Income Class
Acuity High Income Fund	Acuity Money Market Fund
Acuity Natural Resource Class	Acuity Natural Resource Fund
Acuity Pooled 130/30 Fund	Acuity Pooled Canadian Balanced Fund
Acuity Pooled Canadian Equity Fund	Acuity Pooled Canadian Small Cap Fund
Acuity Pooled Conservative Asset Allocation Fund	Acuity Pooled Corporate Bond Fund
Acuity Pooled Dividend Fund	Acuity Pooled Diversified Income Fund
Acuity Pooled EAFE Equity Fund	Acuity Pooled Fixed Income Fund
Acuity Pooled Global Balanced Fund	Acuity Pooled Global Dividend Fund
Acuity Pooled Global Equity Fund	Acuity Pooled Global High Income Fund
Acuity Pooled Growth & Income Fund	Acuity Pooled High Income Fund
Acuity Pooled Pure Canadian Equity Fund	Acuity Pooled Short Term Fund

**Additions of Acuity funds acquired on February 1, 2011 (continued)**

FUND NAME	FUND NAME
Acuity Pooled Social Values Canadian Equity Fund	Acuity Pooled U.S. Equity Fund (US \$)
Acuity Pooled Venture	Acuity Short Term Income Class
Acuity Social Values Balanced Fund	Acuity Social Values Canadian Equity Fund
Acuity Social Values Global Equity Fund	Acuity Small Cap Corporation
Alpha Balanced Portfolio	Alpha Global Portfolio
Alpha Growth Portfolio	Alpha Income Portfolio
Alpha Pooled Balanced Portfolio	Alpha Pooled Global Portfolio
Alpha Pooled Growth Portfolio	Alpha Pooled Income Portfolio
Alpha Pooled Social Values Portfolio	Alpha Social Values Portfolio

**Fund terminations**

FUND TERMINATIONS	TERMINATION DATE
Acuity Pooled 130/30 Fund	May 6, 2011
Acuity Pooled Global Balanced Fund	May 6, 2011
Acuity Pooled Global Dividend Fund	May 6, 2011
Acuity Pooled Global Equity Fund	May 6, 2011
Acuity Pooled Global High Income Fund	May 6, 2011
Acuity Pooled Short Term Fund	May 6, 2011
Acuity Pooled U.S. Equity Fund (US \$)	May 6, 2011
Acuity Short Term Income Class	May 6, 2011

**Amalgamations in 2011**

FUND NAME	AMALGAMATED TO	EFFECTIVE DATE
Acuity Small Cap Corporation	Acuity Canadian Small Cap Fund	July 8, 2011
Acuity Growth & Income Trust Acuity Focused Total Return Trust	Acuity Growth & Income Fund	July 8, 2011
AGF Canadian All Cap Equity Fund	Acuity All Cap 30 Canadian Equity Fund	August 26, 2011
Acuity Dividend Fund	Acuity Growth & Income Fund	August 26, 2011
Acuity Canadian Equity Fund	AGF Canadian Stock Fund	August 26, 2011
Acuity Global Dividend Fund Acuity Global High Income Fund	AGF Global Dividend Fund	August 26, 2011
Acuity Money Market Fund	AGF Canadian Money Market Fund	August 26, 2011
AGF Pure Canadian Balanced Fund	Acuity Conservative Asset Allocation Fund	August 26, 2011
Acuity Pooled Dividend Fund	Acuity Pooled Growth & Income Fund	August 26, 2011
Alpha Balanced Portfolio	AGF Elements Balanced Portfolio	August 26, 2011
Alpha Global Portfolio	AGF Elements Global Portfolio	August 26, 2011
Alpha Growth Portfolio	AGF Elements Growth Portfolio	August 26, 2011
Alpha Income Portfolio	AGF Elements Yield Portfolio	August 26, 2011
Acuity All Cap 30 Canadian Equity Class	AGF Canadian Equity Growth Class	October 1, 2011
Acuity Natural Resources Class	AGF Global Resources Class	October 1, 2011

## MUTUAL FUND DISTRIBUTIONS AND INCOME TAX REPORTING

FUNDS OR PORTFOLIOS (REPORTED ON A T3 TAX SLIP)	
MUTUAL FUND	TYPE OF DISTRIBUTIONS PAID IN 2011 <sup>1</sup>
AGF Canadian Asset Allocation Fund	capital gain return of capital
AGF Canadian Bond Fund	foreign non-business income interest (other income)
AGF Canadian High Yield Bond Fund	capital gain eligible dividend foreign non-business income interest (other income)
AGF Canadian Large Cap Dividend Fund	eligible dividend return of capital
AGF Canadian Money Market Fund	interest (other income)
AGF Canadian Small Cap Opportunities Fund	eligible dividend interest (other income)
AGF Canadian Stock Fund	return of capital
AGF Canadian Value Fund	eligible dividend
AGF Dividend Income Fund	eligible dividend return of capital
AGF Elements Balanced Portfolio	return of capital
AGF Elements Growth Portfolio	return of capital
AGF Elements Yield Portfolio	eligible dividend foreign non-business income return of capital
AGF Emerging Markets Balanced Fund	capital gain eligible dividend foreign non-business income
AGF Emerging Markets Bond Fund	foreign non-business income interest (other income)
AGF Emerging Markets Fund	eligible dividend foreign non-business income

<sup>1</sup> For further information on personal income tax reporting corresponding to each type of distributions paid, please refer to page 14.

**FUNDS OR PORTFOLIOS (REPORTED ON A T3 TAX SLIP)**

<b>MUTUAL FUND</b>	<b>TYPE OF DISTRIBUTIONS PAID IN 2011<sup>1</sup></b>
<b>AGF Global Aggregate Bond Fund</b>	capital gain foreign non-business income interest (other income)
<b>AGF Global Dividend Fund</b>	eligible dividend foreign non-business income return of capital
<b>AGF Global Equity Fund</b>	eligible dividend foreign non-business income
<b>AGF Global Government Bond Fund</b>	foreign non-business income interest (other income)
<b>AGF Global High Yield Bond Fund</b>	eligible dividend foreign non-business income
<b>AGF Global Value Fund</b>	foreign non-business income return of capital
<b>AGF Inflation Plus Bond Fund</b>	eligible dividend foreign non-business income interest (other income)
<b>AGF Monthly High Income Fund</b>	eligible dividend foreign non-business income return of capital
<b>AGF Precious Metals Fund</b>	capital gain
<b>AGF Traditional Balanced Fund</b>	eligible dividend foreign non-business income return of capital
<b>AGF Traditional Income Fund</b>	eligible dividend foreign non-business income interest (other income) return of capital
<b>AGF World Balanced Fund</b>	foreign non-business income return of capital
<b>Acuity All Cap 30 Canadian Equity Fund</b>	return of capital

<sup>1</sup> For further information on personal income tax reporting corresponding to each type of distributions paid, please refer to page 14.

## MUTUAL FUND DISTRIBUTIONS AND INCOME TAX REPORTING (continued)

FUNDS OR PORTFOLIOS (REPORTED ON A T3 TAX SLIP)	
MUTUAL FUND	TYPE OF DISTRIBUTIONS PAID IN 2011 <sup>1</sup>
Acuity Canadian Balanced Fund	return of capital
Acuity Canadian Equity Fund	return of capital
Acuity Canadian Small Cap Fund	return of capital
Acuity Clean Environment Equity Fund	return of capital
Acuity Conservative Asset Allocation Fund	eligible dividend
Acuity Diversified Income Fund	eligible dividend foreign non-business income return of capital
Acuity Dividend Fund	return of capital
Acuity EAFE Equity Fund	foreign non-business income return of capital
Acuity Fixed Income Fund	eligible dividend foreign non-business income interest (other income)
Acuity Focused Total Return Trust	return of capital
Acuity Global Dividend Fund	return of capital
Acuity Global High Income Fund	eligible dividend foreign non-business income return of capital
Acuity Growth & Income Fund	return of capital
Acuity Growth & Income Trust	return of capital
Acuity High Income Fund	return of capital
Acuity Natural Resource Fund	return of capital
Acuity Pooled Canadian Balanced Fund	eligible dividend foreign non-business income interest (other income)
Acuity Pooled Canadian Equity Fund	eligible dividend

<sup>1</sup> For further information on personal income tax reporting corresponding to each type of distributions paid, please refer to page 14.

**FUNDS OR PORTFOLIOS (REPORTED ON A T3 TAX SLIP)**

<b>MUTUAL FUND</b>	<b>TYPE OF DISTRIBUTIONS PAID IN 2011<sup>1</sup></b>
<b>Acuity Pooled Canadian Small Cap Fund</b>	capital gains eligible dividend interest (other income)
<b>Acuity Pooled Conservative Asset Allocation Fund</b>	eligible dividend foreign non-business income interest (other income)
<b>Acuity Pooled Corporate Bond Fund</b>	foreign non-business income interest (other income)
<b>Acuity Pooled Diversified Income Fund</b>	eligible dividend foreign non-business income interest (other income) return of capital
<b>Acuity Pooled Dividend Fund</b>	eligible dividend return of capital
<b>Acuity Pooled EAFE Equity Fund</b>	foreign non-business income return of capital
<b>Acuity Pooled Fixed Income Fund</b>	eligible dividend foreign non-business income interest (other income)
<b>Acuity Pooled Global Balanced Fund</b>	foreign non-business income
<b>Acuity Pooled Global Dividend Fund</b>	foreign non-business income
<b>Acuity Pooled Global Equity Fund</b>	foreign non-business income
<b>Acuity Pooled Global High Income Fund</b>	foreign non-business income
<b>Acuity Pooled Growth &amp; Income Fund</b>	eligible dividend foreign non-business income interest (other income) return of capital
<b>Acuity Pooled High Income Fund</b>	eligible dividend foreign non-business income interest (other income) return of capital

<sup>1</sup> For further information on personal income tax reporting corresponding to each type of distributions paid, please refer to page 14.

## MUTUAL FUND DISTRIBUTIONS AND INCOME TAX REPORTING (continued)

FUNDS OR PORTFOLIOS (REPORTED ON A T3 TAX SLIP)	
MUTUAL FUND	TYPE OF DISTRIBUTIONS PAID IN 2011 <sup>1</sup>
Acuity Pooled Pure Canadian Equity Fund	eligible dividend
Acuity Pooled Short-term Fund	interest (other income)
Acuity Pooled Social Values Canadian Equity Fund	eligible dividend
Acuity Pooled U.S. Equity Fund	foreign non-business income
Acuity Money Market Fund	interest (other income)
Acuity Social Values Balanced Fund	return of capital
Acuity Social Values Canadian Equity Fund	return of capital
Acuity Social Values Global Equity Fund	return of capital
Alpha Balanced Portfolio	return of capital
Alpha Global Portfolio	return of capital
Alpha Growth Portfolio	return of capital
Alpha Income Portfolio	capital gain return of capital
Alpha Social Values Portfolio	return of capital
TYPE OF DISTRIBUTIONS PAID IN 2011	PERSONAL INCOME TAX REPORTING
Capital gain	Subtract any amount in Box 30 from the amount in Box 21. Enter the difference on Line 176 of Schedule 3 of your T1 Individual Tax Return.
Eligible dividend	Enter the taxable amount from Box 50 of your consolidated T3 information slip (equal to 1.41 times the amount in Box 49) on Line 120 of your T1 Individual Tax Return. The dividend tax credit shown in Box 51 should be claimed on Schedule 1, Line 425 of your T1 Individual Tax Return.
Foreign non-business income	Enter the amount from Box 25 of your consolidated T3 information slip on Line 121 of your T1 Individual Tax Return and on Line 433 of Form T2209.
Interest (other income)	Subtract any amount in Box 31 from the amount in Box 26. Enter the difference on Line 130 of your T1 Individual Tax Return.
Return of capital	A return of capital is reported on Box 42 of your consolidated T3 information slip. This amount reduces the ACB of your investment in the fund but is not reported as taxable income. For more details refer to the Q&A on page 6.

CLASSES (REPORTED ON A T5 TAX SLIP)	
MUTUAL FUND	TYPE OF DISTRIBUTIONS PAID IN 2011
AGF American Growth Class	return of capital
AGF Canada Class	return of capital
AGF Canadian Large Cap Dividend Class	return of capital
AGF Canadian Stock Class	return of capital
AGF Elements Balanced Portfolio Class	return of capital
AGF Elements Growth Portfolio Class	return of capital
AGF European Equity Class	return of capital
AGF Global Equity Class	return of capital
AGF Global Value Class	return of capital
AGF International Stock Class	return of capital
CLASSES (REPORTED ON A T5 TAX SLIP)	
TYPE OF DISTRIBUTIONS PAID IN 2011	PERSONAL INCOME TAX REPORTING
Return of capital	A return of capital is reported as a footnote in your consolidated T5 information slip. This amount reduces the ACB of your investment in the fund but is not reported as taxable income. For more details, refer to the Q&A on page 6.



What are you doing after work?®

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The information contained in this booklet is designed to provide you with general information and is not intended to be tax advice. We strongly urge you to consult with your own tax advisor on your particular circumstances.



AGF is proud to sponsor  
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