Manulife Investment Management

Manulife Investment Management Series-T Mutual funds.
How it works

Series-T is a structure added to existing funds to provide a tax efficient cash flow for investors.

This is achieved by applying the Series-T structure to funds with good track records of stable income. Most of the income comes in the form of tax-free Return of Capital (ROC), while the bulk of the savings continue to grow in a diversified mutual fund.

So... how does it all work?

Let's say an investor puts $200,000 in a Series-T fund designed to offer a 6% annual cashflow and a 6% annual return.

The number of units purchased would be 20,000 making the net asset value or, NAV per unit $10.00.

The Series-T mutual fund will distribute six percent of their investment per year. Which is $12,000 split into monthly payments of $1,000.

Assuming taxable distributions of $1,500 per year and ROC distributions of $10,500 per year, the adjusted cost base or ACB decreases by the annual ROC distribution. However, if the fund were to generate a 6% return annually the **market value** of their initial investment would remain as $200,000.

So, given the scenario an investor could expect an approximate after-tax income of $11,400 per year for nineteen years, assuming a 40% marginal tax rate – Distributed as steady monthly income – Until the ACB equals zero. To learn what happens when the adjusted cost base equals zero, watch the third video in this series.

Manulife Investment Management Series-T funds can provide a steady stream of monthly tax efficient income. Speak to your advisor to lean more.

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data is sourced from Manulife Investment Management.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the fund facts as well as the prospectus before investing.
Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The payment of distributions is not guaranteed and may fluctuate. If distributions paid by the fund are greater than the performance of the fund, then your original investment will shrink.
Distributions should not be confused with a fund's performance, rate of return, or yield. You may also receive return of capital distributions from a fund. Please consult with your tax advisor
regarding the tax implications of receiving distributions. See the fund facts as well as the prospectus for more information on a fund's distributions policy. Monthly distributions are based on a
target distribution rate of the net asset value per security of the fund determined as at December 31 of the prior year.

This information does not replace or supersede KYC (know your client) suitability, needs analysis or any other regulatory requirements in any jurisdiction.