This bulletin is meant to help you complete your T1 Personal Tax Return and give you a basic understanding of any tax receipts you’ve received from Franklin Templeton.

ONLINE TAX SLIPS Access your tax slips and RRSP contribution slips at franklintempleton.ca. If you haven’t already registered for online access, call our Client Services team today at (800) 387-0830.

Here are the types of tax slips covered in this bulletin:

**T5008 STATEMENT OF SECURITIES TRANSACTIONS**
- We’ll report Cost or Book Value of your securities on your T5008 tax slip. We encourage you to keep a history of your transactions to use in conjunction with your T5008 tax slip to calculate gains or losses with the assistance of a tax specialist.

**T5/RL-3 STATEMENT OF INVESTMENT INCOME**
- This box shows the number of mutual fund units that were transacted.
- Shares, which is the term used to describe holdings of Corporate Class Funds, including Franklin Templeton reports a total of the transactions that occurred throughout the calendar year ending December 31 (12/31).
- The amount reported in Box 20 may or may not reflect your ACB, you may have to make adjustments to determine the capital gains or losses on your securities.
- Many factors can impact an investor’s ACB when determining their taxable gain or loss. All realized capital gains and losses must be reported on your income tax return.

** GUIDE TO 2018 INCOME TAX REPORTING **

**T5008 STATEMENT OF SECURITIES TRANSACTIONS**
Your T5008 summarizes the proceeds of any securities dispositions that took place in your non-registered account in 2018.

For tax purposes, investments in mutual funds are generally considered capital property. When you redeem or switch units or shares of a mutual fund for units or shares of another mutual fund you may realize a capital gain or loss. All realized capital gains and losses must be reported on your income tax return.

Note: Effective January 2017, switches between Corporate Class funds are taxable.

If you were a Quebec resident as of December 31, 2018, your T5008 will be sufficient for reporting your capital gains or losses. A Relevé 18 will not be issued. The RL18 is equivalent to the T5008 and reports the same information to Revenu Québec.

**SAMPLE T5008 – AND HOW TO REPORT YOUR DISPOSITIONS**

<table>
<thead>
<tr>
<th>Box 12: Recipient identification number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recipient’s social insurance number (SIN), trust account number or business numbers (BN), if available.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Box 13: Foreign currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>All the amounts reported on your T5008 are in Canadian dollars.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Box 14: Date (MMYY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franklin Templeton reports a total of the transactions that occurred throughout the calendar year ending December 31 (12/31).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Box 15: Type code of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>This will say either MFT or SHS. MFT is short for Mutual Fund Trust. SHS is short for Shares, which is the term used to describe holdings of Corporate Class Funds, including Templeton Growth Fund, Ltd.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Box 16: Quantity of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>This box shows the number of mutual fund units that were transacted.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Box 17: Identification of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>This box names the fund (or funds) that were transacted.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Box 20: Cost or book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>You may use this amount to determine the adjusted cost base (ACB) of your mutual fund for the purpose of calculating the capital gain or loss on the investment.</td>
</tr>
</tbody>
</table>

The amount reported in Box 20 may or may not reflect your ACB, you may have to make adjustments to determine the capital gains or losses on your securities.

<table>
<thead>
<tr>
<th>Box 21: Proceeds of disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>This box reports the proceeds you received for the disposition of your units or shares. Report this amount on line 131 of Schedule 3, 'Capital Gains (or Losses) in 2018.'</td>
</tr>
</tbody>
</table>

**FRANKLIN TEMPLETON INVESTMENTS**

5000 Yonge Street, Suite 900, Toronto, Ontario, Canada M2N 0A7

Telephone: (416) 364-4672 • Toll Free: (800) 387-0830 • Fax: (416) 364-1163 • www.franklintempleton.ca
HOW TO CALCULATE AND REPORT CAPITAL GAINS OR LOSSES

The disposition of units or shares of mutual funds may result in a capital gain or a capital loss. Generally, 50% of a capital gain is taxable and 50% of a capital loss can be used to offset capital gains. A net capital loss can be carried back to any of the three previous tax years. For example, if you realized a capital loss in 2018, you can use that loss to reduce your taxable capital gains in 2018, 2017, 2016 or 2015. The same capital loss can be carried forward indefinitely to reduce future taxable capital gains.

Complete “Schedule 3 – Capital Gains (or Losses)” to calculate and report the gains and losses you realize from your mutual fund units and shares.

T5/RL-3 STATEMENT OF INVESTMENT INCOME

Your T5 summarizes the eligible dividends and capital gains dividends you received in 2018 from your holdings of any Franklin Templeton Corporate Class fund or Templeton Growth Fund, Ltd. Residents of Quebec will also receive an RL-3 ‘Investment Income’ slip.

Franklin Templeton Corporate Class Funds, Ltd. and Templeton Growth Fund, Ltd., are mutual fund corporations for tax purposes. The T5/RL-3 tax slips will be issued for any distribution made by the Franklin Templeton Corporate Class Funds, Ltd. and Templeton Growth Fund, Ltd., for tax year 2018.

SAMPLE T5 – AND HOW TO REPORT YOUR DIVIDENDS

<table>
<thead>
<tr>
<th>FUNDS</th>
<th>Box 24</th>
<th>Box 25</th>
<th>Box 26</th>
<th>Box 26</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND A</td>
<td>100.00</td>
<td>138.00</td>
<td>20.73</td>
<td>100.00</td>
</tr>
<tr>
<td>FUND B</td>
<td>200.00</td>
<td>276.00</td>
<td>41.45</td>
<td>—</td>
</tr>
<tr>
<td>Total – all funds</td>
<td>300.00</td>
<td>414.00</td>
<td>62.18</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Box 18: Capital gains dividends (RL-3 Box I)
This box reports any capital gains the Funds have distributed to you. Include this amount on line 174 of Schedule 3. Include the taxable portion of all gains reported to Schedule 3 on line 127 of your Tax Return.

Box 22: Recipient identification number
Recipient’s social insurance number (SIN), trust account number or business numbers (BN), if available.

Box 24: Actual amount of eligible dividends (RL-3 Box A1)
This box reports the amount of high-rate Canadian eligible dividends the Funds have distributed to you. You do not need to report this amount to your Tax Return; instead, the amount in Box 25 is reported.

Note: If you qualify for a federal dividend tax credit, you may also qualify for similar provincial or territorial credits. For more information, refer to the General Tax and Benefit Guide mentioned at the top of this bulletin.

Box 25: Taxable amount of eligible dividends (RL-3 Box B)
This box reports the taxable amount of high-rate Canadian eligible dividends the Funds distributed to you. It is calculated by grossing up the amount in Box 24 by 38%. Include this amount in Part 1 of Schedule 4, ‘Statement of Investment Income.’ Include the total of all taxable Canadian dividends you reported to Schedule 4 on line 120 of your Tax Return.

Box 26: Federal dividend tax credit for eligible dividends (RL-3 Box C)
This box reports the Federal dividend tax credit that offsets the grossed up dividends you reported from Box 25. Include this amount on line 425 of Schedule 1, ‘Federal Tax.’
NR4 STATEMENT OF AMOUNTS PAID OR CREDITED TO NON-RESIDENTS OF CANADA

If you are a non-resident of Canada and received a distribution or dividend in 2018, you will not receive a T3 or T5 Slip. Instead, we’ll send you an NR4 Slip.

Depending on your country of residence, Franklin Templeton will withhold and remit a portion of your distribution to CRA. These withholding taxes are usually creditable against taxes payable in your country of residence.

Box 12: Country code
The country in which the recipient is a resident for tax purposes.

Box 13: Foreign or Canadian tax identification number
Recipient’s social insurance number (SIN), trust account number or business numbers (BN), if available.

Box 14 or 24: Income code
Estate and trust income (Code 11) – Distributions from Mutual Fund Trust Dividends
Other (Code 09) – Distributions from Mutual Fund Corporation

Box 16 or 26: Gross income
Gross income paid or credited to non-residents of Canada.
- Line 1 – all distributions other than Return of Capital and Capital gains
- Line 2 – Return of Capital (ROC) and Capital gains distributions

Box 17 or 27: Non-resident tax withheld
The amount of non-resident tax withheld.

Box 18 or 28: Exemption code
- Line 2 – Return of Capital (ROC) and Capital gains distributions
  The exemption code “S” for Trust and “M” for Corporation will be populated Box 28 of the NR4 slips

T3/RL-16 STATEMENT OF TRUST INCOME ALLOCATIONS AND DESIGNATIONS

We’ll send you a T3 if you received a distribution of income, capital gains or return of capital from a Franklin Templeton mutual fund trust in 2018. Residents of Quebec will also receive an RL-16 ‘Trust Income’ slip.

All Franklin Templeton Funds and Portfolios, other than the Templeton Growth Fund, Ltd., and the Franklin Templeton Corporate Class funds, are trusts. We issue consolidated tax slips to simplify the reporting of your distributions. Your tax slip contains a summary section detailing the distributions you received from each Fund.

Return of capital information is provided on your T3/RL-16 Slip as well as your Annual Statement. You don’t need to report this amount on your Tax Return; instead, reduce the ACB of the related investment by this figure.
2018 Tax Bulletin

SAMPLE T3 – AND HOW TO REPORT YOUR DISTRIBUTIONS

Box 12: Recipient identification number
Recipient’s social insurance number (SIN), trust account number or business numbers (BN), if available.

Box 21: Capital gains (RL-16 Box A)
This box reports any capital gains the Funds have distributed to you. Include this amount on line 176 on Schedule 3, ‘Capital Gains (or Losses) in 2018.’ Include the taxable portion of all gains reported to Schedule 3 on line 127 of your Tax Return.

Box 23: Actual amount of dividends other than eligible dividends (RL-16 Box C2)
This box reports the amount of low-rate Canadian dividends the Funds have distributed to you. You do not have to report this amount to your Tax Return; instead, the amount in Box 23 is reported.

Box 25: Foreign non-business income (RL-16 Box F)
This box reports any foreign income the Funds have distributed to you. You do not have to report this amount to your Tax Return; instead, the amount in Box 25 is reported.

Box 26: Other income (RL-16 Box G)
This box reports any Canadian interest or business income the Funds have distributed to you. Include this amount in Part II of Schedule 4, ‘Statement of Investment Income,’ as ‘Income from Foreign Sources,’ and on line 433 of Form T2209 ‘Federal Foreign Tax Credit.’

Box 32: Taxable amount of dividends other than eligible dividends (RL-16 Box I)
This box reports the taxable amount of low-rate Canadian dividends the Funds distributed to you. It is calculated by grossing up the amount in Box 23 by 16%. Include this amount in Part I of Schedule 4. Include the total of all taxable Canadian dividends other than eligible dividends you reported to Schedule 4 on line 180 of your Tax Return.

Revenue Quebec Changes in the Dividend Tax Credit Rates

The eligible dividend tax credit rate, which applies to the dividend gross-up amount, has been reduced from 11.90% to 11.86% for the period March 28, 2018 to December 31, 2018.

Similarly, the non-eligible dividend tax credit rate, which applies to the dividend gross-up amount, has been reduced from 7.05% to 6.28% for the period March 28, 2018 to December 31, 2018.

DISTRIBUTION INFORMATION

Details of Fund and Portfolio distributions are available at franklintempleton.ca or by calling our Client Services team at (800) 387-0830.
Frequently Asked Questions (FAQs)

1. When are tax slips issued?
Franklin Templeton issues tax slips at the beginning of every year and the mailing is typically completed by mid-February.

2. In which currency are tax slips issued?
All tax slips are issued in Canadian currency.

3. What is a Foreign Income Verification Statement (Form T1135)?
All Canadian resident taxpayers (including non-resident trusts deemed resident in Canada by section 94 of the Act) are required to file the Form T1135, Foreign Income Verification Statement if at any time in the year the total cost amount of all specified foreign property to the taxpayer was more than $100,000 (Canadian).

4. Does specified foreign property held in a Canadian mutual fund trust have to be reported on Form T1135?
No. Canadian mutual funds (including Corporate Class funds) are not defined as “specified Canadian entities” (as defined in the Income Tax Act).

5. What types of tax slip are issued for RRSP contributions?
• RRSP Contribution Receipt: issued for any contributions made to an RRSP account.
• 60J RRSP Contribution Receipt: issued for retirement allowance including foreign pension transfer-in.
• 60L RRSP Contribution Receipt: issued for estates where assets rollover from the RRSP (or RRIF) of a deceased spouse to the surviving spouse.

6. What tax slips are issued for Tax Free Saving Accounts (TFSA)?
Generally, income earned in a TFSA is not taxable either when held in the account or when withdrawn. Therefore, no tax slips to be issued.

7. What are the consequences of over-contributing to a TFSA?
If you over-contributed by more than your allowable TFSA contribution room, you will be subject to a tax of 1% per month for every month you hold the excess amount. The tax is calculated based on the highest excess amount for the month.

8. Can I still contribute to a TFSA if I become a non-resident of Canada?
No. If you become a non-resident, you cannot maintain your TFSA (and withdraw from it without being taxed on any earnings) but you cannot make any new contributions. No contribution room for accrual for any year in which you are a non-resident.

9. What tax slips are issued for a TFSA in the event of the account holder’s death?
If there is no successor holder, a TFSA that is an arrangement in trust is deemed to continue and remains a non-taxable trust until the end of the exemption period. (This period begins when the holder dies and ends at the end of the first calendar year after the holder’s death, or when the trust ceases to exist, if earlier.)

10. How much can I contribute to my TFSA per year?
Your contribution room is made up of three amounts:
• Any unused contribution room from previous years can be carried forward indefinitely.

11. How are tax slips issued for Canadians and Non-residents?
All tax slips are issued based on the account’s tax code (resident country code) as at December 31. The tax code on a taxpayer’s account takes precedence over their residential address. Please ensure that your resident country and address are correctly reflected on our records.

12. What types of tax slips are submitted to both Canada Revenue Agency and Revenu Québec?
The following tax slips are issued, depending on the taxpayer’s tax code (resident code) as of December 31.

<table>
<thead>
<tr>
<th>Tax Slips</th>
<th>Canada Revenue Agency (CRA)</th>
<th>Revenu Québec</th>
</tr>
</thead>
<tbody>
<tr>
<td>T3, Statement of Trust Income Allocations and Designations</td>
<td>RL-16 Slip, Trust Income</td>
<td></td>
</tr>
<tr>
<td>T4A, Statement of Pension, Retirement, Annuity, and Other Income</td>
<td>RL-1 Slip, Employment and Other Income</td>
<td></td>
</tr>
<tr>
<td>T4RIF, Statement of Income From a Registered Retirement Income Fund</td>
<td>RL-2 Slip, Retirement and Annuity Income</td>
<td></td>
</tr>
<tr>
<td>T4RRSP, Statement of Registered Retirement Savings Plan Income</td>
<td>RL-2 Slip, Retirement and Annuity Income</td>
<td></td>
</tr>
<tr>
<td>T5, Statement of Investment Income</td>
<td>RL-3 Slip, Investment Income</td>
<td></td>
</tr>
<tr>
<td>TS508, Statement of Securities Transactions</td>
<td>TS508B, Statement of Securities Transactions in Lieu of RL18 tax slip</td>
<td></td>
</tr>
</tbody>
</table>

13. What happens if I received an NR4 in error? Or if I received any other tax slip instead of an NR4?
Canadian residents who receive an NR4 tax slip can request a refund by completing their tax return and attaching the NR4 tax slip. If you are a non-resident of Canada and you received a tax slip other than an NR4, you may reach out to CRA’s Non-resident Department and request an assessment for non-resident tax (Part XIII withholding tax).

14. What tax slip is issued for withdrawals from Registered Education Saving Plans (RESPs)?
Education Assistance Payments (which consist of grant and growth) are taxable to the plan’s beneficiary. Accumulated Income Payments (which consists of growth) are taxable to the account holder. EAP and AIP withdrawals are reported on T4A/RL-1 tax slips. Refunds of Contributions are tax-free and no tax slip is issued.

15. What are the different types of distributions and how are they taxed?
Distributions consist of capital gains, capital gains dividends, dividends, foreign income, interest, other income, return of capital, or a combination of these amounts.

<table>
<thead>
<tr>
<th>Type of distribution</th>
<th>Tax treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>Interest income is fully taxed at the investor’s marginal tax rate.</td>
</tr>
<tr>
<td>Canadian dividends</td>
<td>Dividends are subject to gross-up and dividend tax credit.</td>
</tr>
<tr>
<td>Capital gains</td>
<td>50% of capital gains are taxable at the investor’s marginal tax rate.</td>
</tr>
<tr>
<td>Foreign Income</td>
<td>Foreign income generally consists of dividends and interest from foreign sources. Both are fully taxable at the investor’s marginal tax rate.</td>
</tr>
<tr>
<td>Return of Capital (ROC)</td>
<td>ROC distributions are not taxable. Instead, they reduce the adjusted cost base of your units.</td>
</tr>
</tbody>
</table>

16. Where can I learn more about the tax treatment of mutual funds?
Please refer to CRA guide “Tax Treatment of Mutual Funds for Individuals” (RC4169) or refer to the table below for contact information for CRA and Revenu Québec.

<table>
<thead>
<tr>
<th>Client Group</th>
<th>Canada Revenue Agency (CRA)</th>
<th>Revenu Québec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual tax enquiries</td>
<td>1-800-959-8281</td>
<td>1 800 267-6299</td>
</tr>
<tr>
<td>Businesses and self-employed individuals</td>
<td>1-800-959-5525</td>
<td>1 800 567-4692</td>
</tr>
<tr>
<td>Non-resident enquiries (Part XIII tax and non-resident withholding accounts)</td>
<td>1-855-284-5946</td>
<td></td>
</tr>
</tbody>
</table>