AWC TFSA

Tax-Free Savings Plan Information

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ALTA WEST CAPITAL

Unlocking Possibilities, Together.™

WHAT IS A TFSA?

In the 2008 budget, the government of Canada introduced a brand-new personal savings vehicle: the Tax-Free Savings Account (TFSA), to help you save for different reasons throughout your lifetime. The TFSA is an additional personal savings account for Canadians since the RRSP was introduced in 1957. As of January 2, 2009, all Canadians over the age of 18 are eligible to open a TFSA.

TFSA BENEFITS

With a TFSA, you can set money aside in eligible investments and watch those savings grow tax-free throughout the course of your lifetime. Interest, dividends, and capital gains earned in a TFSA remain tax-free indefinitely. Your TFSA savings can be withdrawn from your account at any time, and all withdrawals are tax-free. Furthermore, if you would like to return any amount withdrawn from your TFSA, the funds can be re-contributed in the following year without impacting your contribution room.

WHAT IS MY CONTRIBUTION ROOM?

Every year, you will accumulate contribution room for your TFSA. Even if you do not file an income tax return, or open a TFSA, you will still gain contribution room for your TFSA.

Any individual who has a valid sin and is 18 years of age or older is eligible to open an TFSA account.

THE ANNUAL TFSA DOLLAR LIMIT FOR THE YEARS

2009, 2010, 2011, 2012	$5,000
2013, 2014	$5,500
2015	$10,000
2016, 2017, 2018	$5,500
2019, 2020, 2021, 2022	$6,000
2023	$6,500
2024, 2025	$7,000
Total	**$102,000**

(Changes in the value of TFSA investments will not affect your TFSA contribution room for the current or future years. Neither will the income you earn through investments in said TFSA affect the overall contribution room.)

HOW IS YOUR TFSA CONTRIBUTION ROOM DETERMINED?

The TFSA contribution room is made up of:

1. Your TFSA dollar limit for the current year
2. Any unused TFSA contribution room from the previous year
3. Any withdrawals made from the TFSA in the previous year

WHAT HAPPENS WHEN I OVER-CONTRIBUTE TO A TFSA?

For every month that the excess contribution remains in the account, the Canada Revenue Agency (CRA) imposes a 1% tax. If the contribution remains in the account for less than a full month before it is removed, the CRA will still tax the excess amount for the full month. The 1% tax will continue to apply until one of the following:

- The entire excess amount is withdrawn; or
- For eligible individuals, the entire excess amount is absorbed by additions to their unused TFSA contribution room in the following years.

For more information, please check the CRA website at https://www.canada.ca/en/revenue-agency.html

MAKING OR REPLACING WITHDRAWALS FROM A TFSA

Depending on the type of investment held in your TFSA, you can generally withdraw any amount from the TFSA at any time.

Withdrawals made from your TFSA during the year will be added back to your TFSA contribution room at the beginning of the following year excluding:

Qualifying transfers Any investor can transfer between their current TFSA accounts or their current or former spouse's accounts.

Specified distributions A distribution from the TFSA to the extent that it is, or is reasonably attributable to any of the following amounts:

- An advantage
- Specified non-qualified investment income
- Income that is taxable in the TFSA trust
- Income earned on excess contributions or non-resident contributions

A specified distribution does not create or increase unused TFSA contribution room in the following year, nor does it reduce or eliminate an excess TFSA amount. Please see the example on the next page.

Withdrawing funds from your TFSA does not reduce the total amount of contributions you have already made for the year.

EXAMPLE

1

From 2010 until the end of 2014, Cedric contributed the maximum TFSA dollar amount to his TFSA each year. In 2015, he was allowed to contribute $10,000. However, he contributed $6,500 for that year.

2015 TFSA dollar limit ($10,000) minus 2015 contributions ($6,500)
= unused TFSA contribution room available for future years

2

In 2016, Cedric did not contribute to his TFSA, but he made a $1,000 withdrawal from his account. This withdrawal will not affect his TFSA contribution room until 2017.

2015 unused TFSA contribution room ($3,500)
+ 2016 TFSA dollar limit ($5,500)
= 2016 unused TFSA contribution room available for future years ($9,000)

3

Cedric's TFSA contribution room for 2017:

2016 unused TFSA contribution room ($9,000)
+ 2016 withdrawals ($1,000)
+ 2017 TFSA dollar limit ($5,500)
= TFSA contribution room at the beginning of 2017 ($15,500)

4

Cedric's TFSA contribution room for 2018:

2017 unused TFSA contribution room ($15,500)
+ 2018 TFSA dollar limit ($5,500)
= TFSA contribution room at the beginning of 2018 ($21,000)

REPLACING WITHDRAWALS

You can only replace or re-contribute all or a portion of your withdrawals into your TFSA in the same year if you have available TFSA contribution room. If you contribute but do not have the available contribution room, you will have over-contributed to your TFSA for the year. You will be subject to a tax equating to 1% of the highest excess TFSA amount in the month, for each month that the excess amount remains in your account.

EXAMPLE

Since opening her TFSA in 2009, Jenny has contributed the maximum TFSA dollar limit each year. By the end of 2017, she had accumulated a total of $52,000 in her TFSA account. In 2018, Jenny makes a $5,500 contribution, the TFSA dollar limit for 2018. Later that year, she withdrew $3,000 for a trip. Unfortunately, her plans change, and she cannot go. Since Jenny already contributed the maximum to her TFSA earlier in the year, she has no TFSA contribution room left.

If Jenny wishes to re-contribute some or all of the $3,000 she withdrew, she will have to wait until the beginning of 2019 to do so. The $3,000 will be added to her TFSA contribution room at the beginning of 2019.

If she re-contributes any of the withdrawn amounts before 2019, she will have an excess amount in her TFSA and will be charged a tax equating to 1% of the highest excess TFSA amount for each month that the excess remains in her account.

HOW IS A TFSA DIFFERENT FROM AN RRSP?

There are many effective strategies which will empower the TFSA and RRSP to work together to benefit you. As a general rule, RRSPs are a good choice for longer-term goals such as retirement, while TFSAs work better for more immediate objectives, such as a down-payment on a house. Your TFSA is also a good place to store your capital if you have reached your RRSP contribution limit.

	TFSA	RRSP
LIMITS	• The maximum contribution limit is set by the government annually. • Any unused contributions can be carried into the next year.	• The contribution limit is based on an individual's earned income from the previous year, up to a maximum amount (e.g. in 2019, the limit is $26,500.00 less your pension adjustment or the amount indicated in your notice of assessment from the prior year).
TAX DEDUCTIBILITY	• Contributions are not tax-deductible and therefore do not reduce taxable income. • Interest income accrues tax free in the TFSA and remains tax-free when withdrawn.	• Contributions are tax-deductible and therefore reduce taxable income. • Interest income is taxed upon withdrawal.
WITHDRAWALS	• Withdrawals are not added to taxable income - they are tax-free. • Plus, withdrawals can be "re-contributed" in the next calendar year.	• Withdrawals are added to taxable income and taxed at the applicable marginal tax rate. • Withdrawals cannot be "re-contributed" in subsequent years.

Source: The Government of Canada Website

IN THE EVENT THAT THE OWNER OF THE TFSA PASSES AWAY

TFSA legislation allows you to name a "successor holder" who would inherit your TFSA at the time of your death. Your successor holder must be a spouse or common-law partner (CLP). If someone other than a spouse or CLP is to inherit your TFSA, that person would typically be referred to as "beneficiary." Where a successor holder is designated, your successor holder acquires all rights related to your TFSA upon the passing of the original holder. Similar to the "successor annuitant" designation on a Registered Retirement Income Fund (RRIF), your successor holder will simply replace you as the holder of your TFSA, and the plan continues with all rights passing to your successor. It is not required for successor holders to possess TFSA contribution room in order to receive this benefit.

The naming of a successor holder is effective in ensuring that income earned after your death is not taxed. Without a successor holder designation, TFSA legislation requires taxation of income earned in your TFSA after death.

EXAMPLE

1. Should someone other than your spouse or CLP inherit your TFSA, the tax-free amount earned before death is still passed to beneficiaries tax-free. Amounts earned after death but before distribution is taxable, and TFSA contribution room is necessary to shelter all amounts from future tax. Only your spouse or CLP is entitled to an exempt contribution.

2. If you do not have a beneficiary and it is then paid into the deceased estate, a probate of residence fees would be payable to the province of residence to validate the will and distribute the TFSA proceeds to the beneficiaries. Growth in the TFSA would be taxable to the estate. Always check with your tax advisor before making tax and estate decisions.

Please seek individual tax and or estate planning advice from your accountant/lawyer. They are qualified to assess your personal situation. Alta West Capital is not a professional accounting or legal firm and cannot give estate advice.

IS IT POSSIBLE TO MAKE YOUR GRANDCHILD UNDER THE AGE OF 18 YOUR TFSA BENEFICIARY?

An underage child or grandchild needs an adult to act on his or her behalf for a matter such as this. This means the grandchild should not be named directly as the beneficiary.

A potential solution could be to designate the child's parent or guardian as the beneficiary for the TFSA, but as trustee for the grandchild.

If you do this, the daughter will receive the TFSA proceeds on behalf of the underage grandchild. Furthermore, the guardian can also be named in the will to be a trustee for any inheritance the grandchild would receive. Included in the Will could be instructions concerning how the guardian should then pay out the inheritance to the grandchild (at the age of 18).

Once the grandchild reaches the age of majority, the grandparent or guardian can change the beneficiary designation on the TFSA to the grandchild.

CAN THE PROCEEDS OF THE GRANDPARENT'S TFSA BE TRANSFERRED TO THE GRANDCHILD AS A TFSA, OR MUST THE ACCOUNT BE CASHED OUT?

The TFSA, in this case, must be collapsed and the proceeds paid out. TFSAs can only be passed to a beneficiary who is a spouse or common-law partner. The spouse or partner would have to be designated as a "successor holder" for such a transfer.

WHO WILL BE RESPONSIBLE FOR TAXES ON THE TFSA HOLDINGS BETWEEN THE DATE OF DEATH AND THE HANDOVER TO THE GRANDCHILD?

Any investment income or growth in the account between the date of your passing and the date of distribution to your grandchild will be taxable to the grandchild. When the TFSA is paid out to the grandchild, the grandparents final tax return would not be obligated to include the TFSA amount.

Source: Mackenzie Investments

Investing in an TFSA at Alta West Capital (AWC)

HOW DO I OPEN A TFSA ACCOUNT?

Contact AWC's Investor Relations team at investor.relations@awcapital.ca or (403) 254-9075 ext. 4218 and they will be happy to send you the appropriate documents required to open your TFSA plan. They will assist you in initiating your investment into the MIC of your choice.

WHAT HAPPENS IF I WOULD LIKE TO TRANSFER AN EXISTING TFSA ACCOUNT IN ORDER TO INVEST WITH ALTA WEST?

Contact the AWC's Investor Relations team and they will assist you to complete the necessary paperwork.

WHAT IS THE COST OF OPENING A REGISTERED PLAN?

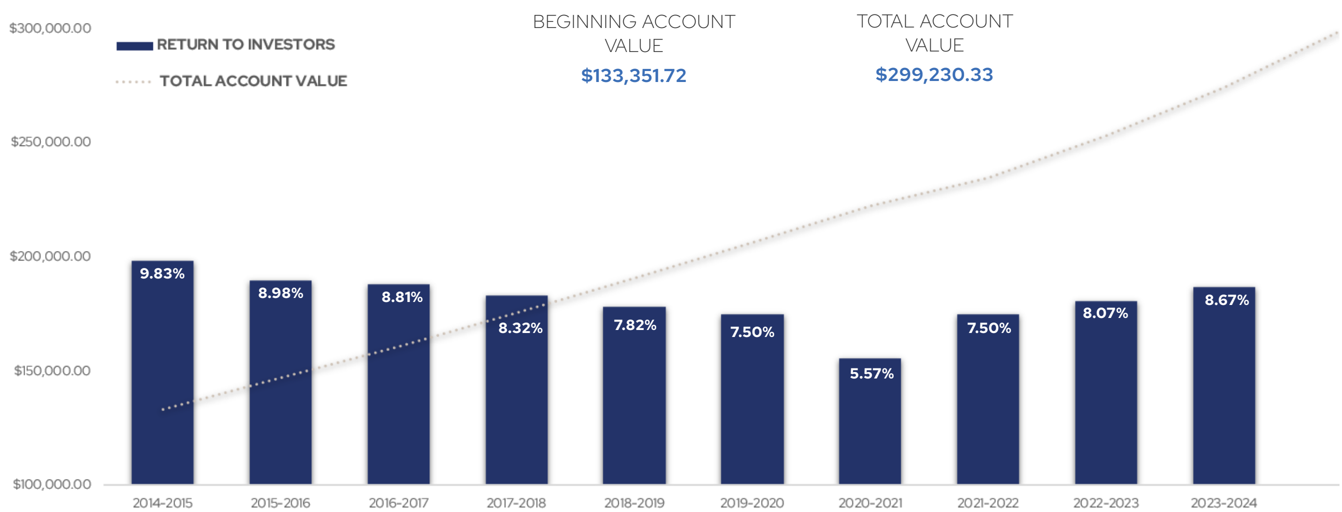
For registered plans (RESP/TFSA/RRSP), many Alta West investors use Olympia Trust Company. The annual fee for a registered plan is $150.00 plus tax. A purchase into the MIC of your choice is a per-transaction charge of $75.00 plus tax. These costs should be considered when making your decision to open a registered plan.

INVESTING IN THE MICS MANAGED BY AWC

These charts are provided for illustrative purposes only to demonstrate the impact of compound returns over multi-year investment periods based on actual AWM Diversified MIC and First Place MIC historical returns. The performance of other investors during the period may have varied based on whether their dividends were subject to tax and whether the investors withdrew any amounts from their investments during the period. Past performance is no guarantee of future results. Actual performance will vary.

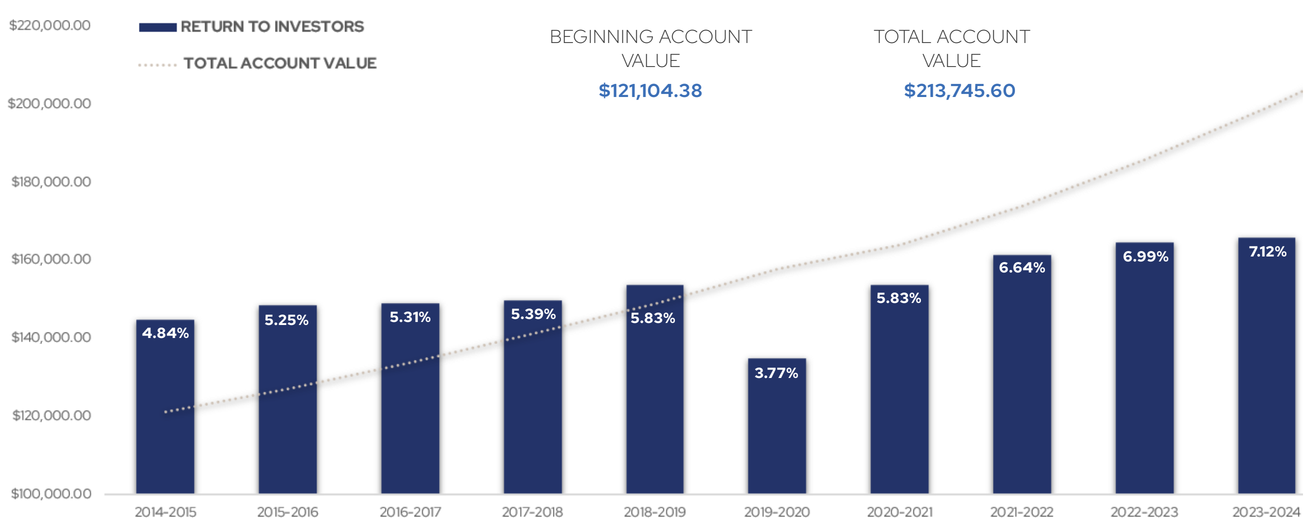
WHAT WOULD THE VALUE OF YOUR ACCOUNT BE IF YOU INVEST IN AWM DIVERSIFIED MIC FOR 10 YEARS?

The graph below is based on actual results and reflects the performance of a sample client who purchased fund units in AWM Diversified MIC. The graph shows the beginning account value effective April 1, 2014 (the beginning of AWM Diversified MIC's fiscal year) and no additional investment was made. Dividends are fully reinvested into additional shares of AWM Diversified MIC.



WHAT WOULD THE VALUE OF YOUR ACCOUNT BE IF YOU INVEST IN FIRST PLACE MIC FOR 10 YEARS?

The graph below is based on actual results and reflects the performance of a sample client who purchased fund units in First Place MIC. The graph shows the beginning account value effective November 1, 2014 (the beginning of First Place MIC's fiscal year) and no additional investment was made. Dividends are fully reinvested into additional shares of First Place MIC.



DISCLAIMER

Past performance is no guarantee of future results. Actual performance will vary. There is no assurance the MIC's managed by AWC will achieve its objectives or be able to pay dividends consistent with historical payments. As such, dividends are subject to all the risks of the MIC's operations and industry and investments generally, including the ability of borrowers to make applicable payments under mortgages comprising the MIC's portfolio, real estate values, interest rates, unexpected costs, competition, the economy generally, and other factors beyond the control of the MICs. There is a liquidity risk as shares of the MICs are not publicly traded and you may be unable to sell or redeem them in a timely manner, or at all. Important information regarding these investments is set out in each MIC's Offering document; Offering Memorandum for First Place MIC and Fund Information Document for AWM Diversified MIC, which should be reviewed prior to investing.

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Diversification in your portfolio is important. Please note Alta West Capital has no ability or expertise to provide meaningful overall portfolio analysis of all your separate investment classes to diversify your individual portfolio. Alta West Capital is a captive exempt market dealer as it only sells investment products that are connected to Alta West Capital and is therefore only able to provide recommendations on its own funds and cannot offer the investor alternative options or opinions on other investments. Alta West Capital is also a "connected issuer" to the Alta West Capital managed funds; AWM Diversified MIC, First Place MIC, and AWM Opportunity Fund LP (Opportunity Fund) as defined in National Instrument 33-105 Underwriting Conflict, because of common ownership and management between Alta West Capital, the MICs, and Opportunity Fund.

Alta West Capital is registered as an Exempt Market Dealer ("EMD"), Restricted Portfolio Manager ("RPM") and Investment Fund Manager ("IFM") in the province of Alberta. The firm is also registered in the provinces of British Columbia, Ontario, Manitoba, Saskatchewan and Yukon as an EMD. This information is directed only to residents of those provinces. For more information, contact Investor Relations at (403) 254-9075 ext. 4218 or by email at investor.relations@awcapital.ca.

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