

Tax Mitigation Investments:

You may be asking yourself: 'How could I have mitigated my tax situation more effectively'? If this has crossed your mind, you are among millions of Canadians who are in the same situation. For Individuals who are in the highest marginal tax bracket RRSP's do not suffice, so, where do you turn - Flow Through Limited Partnerships are the most effective Tax Mitigation tool. Please review the content below for a concise description of what these investments are.

Flow-through limited partnerships**What is a flow-through limited partnership?**

A flow-through limited partnership is an equity investment in a portfolio of Canadian resource companies that combines unique tax advantages with the prospect for capital appreciation.

Early-stage oil and gas, or mining exploration companies receive special tax deductions that flow through the limited partnership to investors, who receive a 100 per cent tax deduction for the amount invested. Typically, after a period of 18 to 24 months, assets of the limited partnership roll over tax-deferred to units of a resource-based mutual fund.

What's the role of a flow-through limited partnership in a portfolio?

A flow-through limited partnership is primarily a tax-planning vehicle that converts income fully taxable in the current year into capital gains taxable in the future.

In addition, it offers growth and diversification opportunities as a small-cap holding in the equity portion of a well-diversified portfolio:

- Junior resource companies have the potential to experience strong growth
- Overall portfolio volatility can be reduced in two ways:
 1. Resource stock prices often move independently of the overall market
 2. Small-cap company prices tend to move independently of large-cap company prices

Who can benefit from flow-through limited partnerships?

- Individuals seeking an investment tax shelter to reduce current taxable income
- Investors who wish to reduce risk through a diversified portfolio, instead of investing in flow-through shares of a single company
- Investors who wish to defer tax and convert fully taxable income in the current year into capital gains taxed at a later date
- Individuals looking to invest with a proven, disciplined investment management team.

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INDEPENDENT THINKING

