



## Harmonized Sales Tax (HST)

June 2010

Effective July 1, 2010, the Provincial Sales Tax (PST) will be combined with the federal Goods and Services Tax (GST) to become the Harmonized Sales Tax (HST).

Currently, only GST is applied to fund management fees and other fees and expenses paid by the Funds; PST has not been applied to such fees and expenses. Commencing July 1, 2010, the HST will apply to GST-taxable services that are charged to mutual funds.

Invesco Trimark's role in this process is simply the collection and remittance of the HST to the federal government. We do not receive any additional benefit from the application of the new tax.

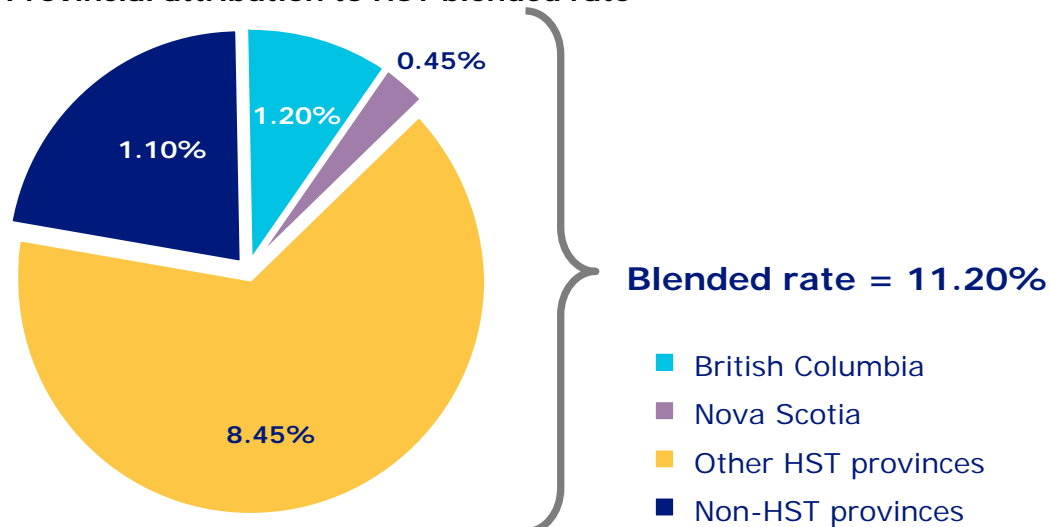
### How is the HST calculated?

The HST implementation rules drafted by the federal government require that the HST be calculated separately for **each series of each Fund** in proportion to the amount invested by residents of HST-participating provinces (British Columbia, Ontario, Nova Scotia, New Brunswick and Newfoundland & Labrador) when compared to non-participating provinces. In practical terms, this will result in the application of a "blended rate" of HST to each series of each Fund.

An example of the blended rate calculation for a series of a Fund is as follows:

Province	Tax rate (A)	% invested (by province) (B)	Weighting (A x B ÷ 100)
British Columbia	12%	10%	1.20%
Nova Scotia	15%	3%	0.45%
Other HST provinces	13%	65%	8.45%
Non-HST provinces	5%	22%	1.10%
		<b>Total</b>	<b><u>11.20%</u></b>

### Provincial attribution to HST blended rate



Note: The figures shown in the pie chart are the **provincial weightings**.

Therefore, in this example the blended rate for this series of a Fund that is applied to all its investors is 11.20%. Note that the blended rate will be calculated at least annually and, as each series of each Fund's composition of investors by province is likely to be different at any point in time, the blended rate will vary across our Funds.

### **Advocating for our clients**

Invesco Trimark has been evaluating, and will continue to evaluate, alternatives available to us in connection with the introduction of the HST, including whether it is appropriate to continue to apply a blended rate over the long term. Our goal is to achieve a result that is fair to the Funds and their investors. The feasibility of various options available to us may change over time as further clarifications on the implementation of the HST are provided by the federal Department of Finance.

Invesco Trimark, along with other industry participants, has been working on a number of fronts to convey the concerns of the industry and our investors to various levels of government. It has been requested that the regulations governing the application of HST to investment funds allow for an exemption. We will continue to keep you updated on our progress.

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