

# Snapshot of the Acuity High Income Fund

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**May 2010** – The Acuity Team anticipated economic activity to rebound from last year and in the April 14, 2010 Investment Posture they reported that GDP growth, job growth and even consumer spending has shown a healthy increase in the last quarter. The Team is emphasizing sectors that should benefit from the cyclical rebound including resources (especially materials) and Industrials. As a result, there are five new holdings in the Top Ten since the last Snapshot. These sectors also provide excellent exposure to the global recovery as well as the ongoing secular growth of the emerging markets.

After such a tremendous 12 month rally they expect equity returns to be more muted going forward. Their overall outlook is still positive but they anticipate more volatility periodically. In this environment they focus on security selection and look for companies with superior growth prospects as we move into the next phase of the economic expansion. They are cautious about the current outlook for Government bonds because of the strength of the recovery and the anticipation of impending central bank rate hikes.

The Acuity High Income Fund is designed to provide a stable, predictable monthly income with an emphasis on preserving your capital. It contains a diversified portfolio of primarily fixed income securities, dividend-paying common and preferred shares, and income trusts. This mix provides a high level of income and fits nicely into the current recommendations of the Managers who feel that the stock markets may trade sideways for a period of time. During these periods it is advantageous to have dividend and income producing investments to bring you an acceptable return.

Top 10 Holdings	Sector	Country	% of Fund
The Royal Bank of Canada	Financials	Canada	3.8%
Altera Corporation	Information Tech	United States	3.1%
Daylight Resources Trust	Energy	Canada	3.1%
Toronto-Dominion Bank	Financials	Canada	3.0%
Canada Housing Trust	Gov't Bonds	Canada	2.9%
Iamgold Corp	Materials	Canada	2.7%
Goldcorp Inc.	Materials	Canada	2.6%
Canadian Pacific Railway Ltd.	Industrials	Canada	2.5%
Bank of Nova Scotia	Financials	Canada	2.5%
Just Energy Income Fund	Utilities	Canada	2.4%

Source: Acuity High Income Fund Monthly Fund Update as at April 30, 2010

I hope this gives you a good picture of how the Investment Team at Acuity have been managing your investment in the Acuity High Income Fund. Please call me for any questions at 519-680-3043.

**Your Financial Coach – Anne Leeson, CFP**



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