

DundeeWealth Investment Counsel Perspectives

DWIC Canadian Value Strategy

Third Quarter Commentary – September 30, 2013

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The third quarter of 2013 was positive for the S&P/TSX Composite which increased 6.3% over the quarter. A number of sectors contributed to the benchmark's returns this quarter including the largest sector weights of financials, energy and materials. Equities in general were constructive during the quarter given all sectors, with the exception of Utilities, were contributors to the Index's returns.

In our view, global growth will slowly grind higher but we remain cautious in the near term. In May, remarks of tapering stimulative asset purchases from the Federal Reserve (Fed) built expectations that would have its course proceed in the third quarter. Surprisingly, the Fed refrained from tapering and equities benefited from the Fed, ECB and Bank of England's stance to remain accommodative. However, we believe that the tapering is justified with continued economic growth and equities will remain constructive in a relatively low interest rate and low inflationary environment.

For the quarter ended September 30, 2013, the DWIC Canadian Value Strategy generated a total return of 8.0%, outperforming the S&P/TSX Composite Index by 1.7%. All sectors contributed positively to the Fund's performance with the exception of healthcare and consumer staples. The top contributing sectors included energy, financials, industrials and telecom.

The energy sector was the quarter's largest contributor to Fund performance as key holding Paramount Resources and Trilogy Energy were both amongst the Fund's top performers. The Fund exited telecom holdings Telus and Rogers which were among the top contributors. The Fund maintained its relative weight to most sectors but trimmed its telecom exposure after capitalizing on gains.

Detractors of the fund mainly stemmed from healthcare and materials holdings. Catamaran was the largest detractor to the fund as Walgreen's, one of Catamaran's customers, announced a change in its employee health coverage plans that may adversely affect Catamaran. Other healthcare holdings Baxter and Hologic were also top detractors from the Fund's performance. On the materials side, volatility in the precious metals space affected Goldcorp and Silver Wheaton, which both detracted from the Fund's performance.

The Canadian market continues to be comprised primarily of energy, materials, and financial securities, which were all top contributors during the quarter. While maintaining the Fund's relative exposure to these sectors, the Fund continues to be overweight healthcare, industrials and information technology. At the end of the quarter, the Fund had increased its cash reserves to 11.0% and will opportunistically deploy it at attractive valuations.

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As at September 30, 2013	3 Month	1 Year	3 Year	Since Inception
DWIC Canadian Value Strategy	7.99%	20.55%	4.10%	6.57%
S&P/TSX Composite	6.25%	7.12%	4.09%	7.17%

Inception date: November 2009

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