

DundeeWealth Investment Counsel Perspectives

DWIC Equity Income Strategy

Third Quarter Commentary – September 30, 2013

Oscar Belaiche
Senior V. P. & Portfolio Manager

Jason Gibbs
V.P. & Portfolio Manager

Global equity markets posted positive returns over the third quarter of 2013, led by European equities. Improving economic data lifted equities higher, specifically cyclical stocks. Growing expectations of tapering led bond yields to rise for most of the quarter, providing headwinds for fixed income securities and defensives equities. The Federal Reserve's announcement in September that there would be no change to the monetary easing program for now provided some relief for fixed income securities and defensive equities. The Canadian market outperformed the U.S. market over the quarter, led by financials and energy. The Canadian economy showed signs of improvement as the housing market strengthened and credit growth expanded. Energy rebounded on tensions in the Middle East and short-term supply constraints in the US Midwest. Over the period, DWIC Equity Income Strategy returned 2.7%, while the S&P/TSX Composite Index which returned 6.3%.

The Fund's cash weighting was significantly reduced over the quarter as we deployed opportunistically. The overweight in Canada was increased slightly over the period, as was the exposure to US equities. Europe, which is coming out of recession, presented some attractive opportunities and we added companies based in the UK and France. Financials (which includes real estate) and energy (which includes energy infrastructure) remained the top sector weights over the quarter and both were increased, with the financials adding names in the US. One notable sector change was the reduction in utilities, where a holding was sold and another trimmed as defensive sectors faced headwinds. The sectors that contributed most to returns were energy (which included energy infrastructure holdings) and financials, excluding real estate which was a detractor over the period along with utilities and materials. Overall Canadian securities had a positive impact on returns though performance was mixed. The top contributors to returns were Alaris Royalty and Bonterra Energy while the largest detractors were firms Canexus and Northland Power.

We are seeing slow, but steady, improvements in the economy though we still remain in a historically low interest rate environment. We continue to believe we are in a setting that favours an equity bias. We are committed to owning dominant, stable businesses that generate sizable free cash flows to distribute back to shareholders in the form of dividends and share buybacks. We believe that companies able to grow their dividends will outperform.

As at September, 2013	3 Month	1 Year	3 Year	Since Inception
DWIC Equity Income Strategy	2.78%	7.08%	10.85%	12.02%
S&P/TSX Composite	6.25%	7.12%	4.09%	7.17%

Inception date: November 2009

dundeewealth-ic.com

Commissions, management fees and expenses all may be associated with investment funds. Please read the offering documents before investing. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. The indicated rates of return are the historical annual compounded total returns including changes in units value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any funds managed by GCIC Ltd. These views are not to be considered as investment advice nor should they be considered a recommendation to buy or sell.

DundeeWealth Investment Counsel a division of GCIC Ltd.



DUNDEEWEALTH
Investment Counsel