

Acuity Funds Ltd. (“Acuity”), fund manager of the Acuity mutual funds and Acuity pooled funds (collectively, the “Funds”), is hereby providing you with notice as required by applicable securities legislation of certain changes that will be made to the Funds’ investment strategies. In particular, and effective September 30, 2009, the Funds will be permitted to use derivatives like options, futures and forward contracts for hedging purposes, to gain exposure to individual securities and markets (instead of buying the securities directly) and/or to generate income. Acuity believes that this change will bring the investment strategies into conformity with current industry practice and provide the Funds with additional flexibility to pursue their investment objectives and to otherwise weather unusual economic and market conditions.

Mutual funds (like the Funds) that invest in derivatives enter into a contract, with another party, whose value is based on the performance of other investments such as equities, bonds, currencies or a market index. Just like any other investment, derivatives have an element of investment risk. Some of the common risks associated with using derivatives are: the use of derivatives for hedging may not be effective; there is no guarantee a market will exist when a fund wants to buy or sell a derivative contract; the other party to the derivative contract may not be able to meet its obligations; the exchanges on which some derivatives are traded may set daily trading limits on futures contracts, preventing a fund from closing a contract; if an exchange halts trading in a certain stock option, a fund may not be able to close its position in an option; and the price of a derivative may not accurately reflect the value of the underlying security or index.

In order to hedge against currency exchange rate risks, any Fund (other than Acuity Money Market Fund and the Acuity Pooled Short Term Fund) may enter into forward currency exchange contracts (“forward contracts”) not exceeding one year in duration as described below. A Fund may also conduct its currency transactions on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market.

A Fund may enter into forward contracts to attempt to minimize the risk to the Fund from adverse changes in the relationship between the Canadian dollar and other currencies. A forward contract is an obligation to purchase or sell a specific currency for an agreed price at a future date which is individually negotiated and privately traded by currency traders and their customers.

A Fund may enter into a forward contract, for example, when it enters into a contract for the purchase or sale of a security denominated in a currency other than the Canadian dollar in order to “lock in” the Canadian dollar price of the security. When Acuity Investment Management Inc. (“Acuity Investment”), the portfolio manager for the Funds, believes that a currency may suffer a substantial decline against the Canadian dollar, it may enter into a forward contract to sell an amount of that currency or another currency which acts as a proxy for that currency approximating the market value of some or all of the Fund’s portfolio securities denominated in that currency, or when the Acuity Investment believes that the Canadian dollar may suffer a substantial decline against another currency, it may enter into a forward contract to buy that currency for a fixed Canadian dollar amount. Forward contracts may limit potential gain from a positive change in the relationship between the Canadian dollar and other currencies. The Funds follow the investment restrictions and practices stated in National Instrument 81-102 with respect to the use of derivatives for hedging and non-hedging purposes. Acuity monitors trading activities in conjunction with Acuity Investment and is responsible for applying trading limits, if any, and other controls if required. Except as described above, there are no other written policies with respect to derivative use.

As always, it remains a great honour to manage your Funds. We thank you for your ongoing trust and look forward to the future with optimism and confidence.

Yours sincerely,



Ian Ihnatowycz
President, C.E.O. and Chief Investment Officer