

Understanding Personal Rates of Return

Acuity calculates Personal Rates of Return (“PROR”) for investors using the Time-Weighted Rate of Return Method (also known as Modified Dietz Method), as recommended by The Investment Funds Institute of Canada. Using this method, PROR is calculated on a daily basis and reported on a monthly basis.

The formula for the Time Weighted Rate of Return with a daily valuation is as follows:

$$R = \frac{MVE}{MVB^*} - 1$$

Where the MVB* is the market value of the plan at the end of the previous period (the beginning of the current period) including any cash flows at the end of the previous period and any accrued income to the end of the previous period.

MVE is the market value of the portfolio at the end of the current period before any cash flows in the period but including any income in the current period.

The Linking Formula is written as:

$$\text{Personal Rate of Return (PROR)} = \{[(1+R_1) \times (1+R_2) \times \dots (1+R_n)-1]\} \times 100$$

Where:

R_1 = First period calculation

R_2 = Second period calculation

... = Next period calculation

R_n = Last period calculation

The return and linking PROR formulas calculate personal rates of return for any given reporting period up to 12 months. For periods longer than 12 months, returns are annualized using the Annualized Compounded Rate of Return (ACRR):

$$ACCR = (R_{\text{total}}^{365/n} - 1) \times 100$$

Where:

$$R_{\text{total}} = (1+R_1) \times (1+R_2) \times \dots (1+R_n)$$

n = Total days in period (total number of years x 365 days)

Personal Rate of Return - Fund Level

Acuity Clean Environment Equity Fund

Date	Transaction	Price	Units	Market Value	Cash Flow	Multiplier	1 Month	3 Months	6 Months	YTD	1 year	Inception
31-Mar-2006	Initial Purchase	15.3039	228.7000	3,500.00	3,500.00							
28-Apr-2006		15.9634	228.7000	3,650.83		1.0430936						
31-May-2006		15.0519	228.7000	3,442.37		0.9429006						
30-Jun-2006		14.3663	228.7000	3,285.57		0.9544509						
31-Jul-2006		14.5669	228.7000	3,331.45		1.0139632						
31-Aug-2006		14.6119	228.7000	3,341.74		1.0030892						
29-Sep-2006		13.8756	228.7000	3,173.35		0.9496096						
31-Oct-2006		14.7351	228.7000	3,369.92		1.0619433						
30-Nov-2006		15.1049	228.7000	3,454.49		1.0250965						
7-Dec-2006	Purchase	15.3288	540.5820	8,286.47	4,780.78	1.0148221						
29-Dec-2006		15.5102	540.5820	8,384.53		1.0118339						
31-Jan-2007		15.7235	540.5820	8,499.84		1.0137522						
28-Feb-2007		16.0027	540.5820	8,650.77		1.0177569						
30-Mar-2007		16.2755	540.5820	8,798.24		1.0170471						
23-Apr-2007	Redemption	17.3886	486.5240	8,459.97	(939.99)	1.0683908						
30-Apr-2007		17.3240	486.5240	8,428.54		0.9962849						
31-May-2007		17.6236	486.5240	8,574.30		1.0172939						
29-Jun-2007		18.1778	486.5240	8,843.94		1.0314465						
31-Jul-2007		18.4852	486.5240	8,993.49		1.0169107						
7-Aug-2007	Purchase	18.3155	618.8240	11,334.07	2,423.14	0.9908198						
31-Aug-2007		18.1099	618.8240	11,206.84		0.9887745						
28-Sep-2007		18.5698	618.8240	11,491.44		1.0253949						
31-Oct-2007		19.4874	618.8240	12,059.27		1.0494136						
30-Nov-2007		18.9036	618.8240	11,698.00		0.9700422						
31-Dec-2007		20.2056	618.8240	12,503.71		1.0688758	6.89%	8.81%	11.16%	30.27%	30.27%	17.17%