

# 1832 AM Global Low Volatility Equity LP

## Annual Management Report of Fund Performance

For the year ended December 31, 2023

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling toll-free 1-800-268-9269, by writing to us at 1832 Asset Management L.P., 40 Temperance Street, 16th Floor, Toronto, ON, M5H 0B4 or by visiting our website at [www.scotiafunds.com](http://www.scotiafunds.com) or SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's interim financial statements, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

1832 Asset Management L.P. is the manager (the "Manager") of the fund. In this document, "we", "us", "our" and the "Manager" refer to 1832 Asset Management L.P. and the "Fund" refers to 1832 AM Global Low Volatility Equity LP.

The term "net asset value" or "net asset value per unit" in this document refers to the net asset value determined in accordance with Part 14 of National Instrument 81-106 – Investment Fund Continuous Disclosure ("National Instrument 81-106"); while the term "net assets" or "net assets per unit" refers to total equity or net assets attributable to unitholders of the Fund as determined in accordance with IFRS Accounting Standards.

### Caution Regarding Forward-Looking Statements

*Certain portions of this report, including, but not limited to, "Recent Developments", may contain forward-looking statements about the Fund and the underlying funds, as applicable, including statements with respect to strategies, risks, expected performance events and conditions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "projects" and similar forward-looking expressions or negative versions thereof.*

*In addition, any statement that may be made concerning future performance, strategies or prospects and possible future action by the Fund is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, current assumptions concerning future economic and other factors may prove to be incorrect at a future date.*

*Forward-looking statements are not guarantees of future performance and actual results or events could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, such as interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events. We stress that the above mentioned list of important factors is not exhaustive. Some of these risks, uncertainties and other factors are described in the Fund's simplified prospectus, under the heading "Risk Factors".*

*We encourage you to consider these and other factors carefully before making any investment decisions. Forward-looking statements should not be unduly relied upon. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next management report of fund performance, and that the forward-looking statements speak only to the date of this management report of fund performance.*

### Investment Objective and Strategies

The Fund's investment objective is to achieve long-term capital growth. It invests primarily in equity securities located around the world.

The portfolio adviser uses a quantitative global equity strategy that seeks to provide index level of returns at lower than index level of risk. The Fund seeks to reduce volatility of returns while maintaining equity growth potential over the long term. To achieve the Fund's objectives, the portfolio adviser:

- Invests in equity securities of companies located in countries around the world.
- Invests in stocks that have a lower systematic risk and low correlation with other asset classes.
- Uses a quantitative investment process that seeks to maximize equity growth while controlling for risk exposure.

The Fund can invest up to 100% of its assets in foreign securities.

### Risk

The risks associated with investing in the Fund are as described in the simplified prospectus. There were no material changes to the Fund over its last completed financial year that affected the overall level of risk of the Fund.

## Results of Operations

For the year ended at December 31, 2023 (the “period”), the Series I units of the Fund generated a total return of 1.7%. Fund returns are reported net of all management fees and expenses, unlike the returns of the Fund’s benchmark, which is based on the performance of an index that does not pay fees or incur expenses.

The Fund’s broad-based benchmark, the MSCI World ex. Canada (C\$) returned 21.4% during the same period. In accordance with National Instrument 81-106, we have included a comparison to this broad-based index to help you understand the Fund’s performance relative to the general performance of the market.

During the period, global equity markets experienced a variety of challenges, including elevated inflation, muted economic growth and the abrupt failure of Credit Suisse Group AG as well as several U.S. regional banks. In addition, many major central banks continued to increase policy rates at the sharpest pace in decades.

Investor enthusiasm for generative artificial intelligence (“AI”) led to the sharp outperformance of the Information Technology sector, technology-related Consumer Discretionary stocks, and media and internet stocks within the Communication Services sector. Specifically, market returns were driven by seven mega-capitalization, higher-volatility growth stocks with exposure to generative AI. These included Apple Inc., Microsoft Corp., Alphabet Inc., Amazon.com Inc., Tesla Inc., Meta Platforms Inc. and NVIDIA Corp.

More defensive sectors, such as Utilities, Consumer Staples and Health Care, broadly underperformed. As a result, lower-volatility stocks underperformed across developed markets.

The Fund underperformed the broad-based benchmark as a result of its low-volatility focus.

From a sector perspective, underweight exposure to Information Technology and overweight exposure to Communication Services and Consumer Staples detracted the most from performance. From a country perspective, an underweight allocation to the U.S. was a top detractor from performance. Top individual detractors from performance included the Fund’s lack of exposure to NVIDIA and Apple and its underweight position in Microsoft, which were avoided because of their generally higher volatility.

The Fund’s underweight exposure to the Financials sector contributed to performance, as did its underweight allocations to Switzerland and the U.K. Top individual contributors to performance included the Fund’s lack of exposure to UnitedHealthGroup Inc., its underweight position in Pfizer Inc. and its overweight position in Eli Lilly and Co. Shares of UnitedHealthGroup were down by about 70 basis points during the year, mainly driven by its lower volatility, as investors rotated out of defensive stocks near the early part of the year. Shares of Pfizer declined by over 40%, mainly as its revenue from preventing and treating COVID-19 minimized, which in turn led to plans of layoffs. The company is also dealing with the loss of patent protection on some of its drugs later this decade, which acted as a challenge for the stock. Conversely, Eli Lilly, another Health Care stock, generated stellar performance in 2023. Eli Lilly’s stock

surged, with robust sales and earnings being driven by new innovative product launches, lack of any major patent launches, and an above-consensus sales projection for its anti-diabetic and weight loss drug Mounjaro, among others.

At the end of the period, the Fund’s portfolio composition was consistent with the prior year.

The Fund’s net asset value decreased to \$409.8 million at December 31, 2023, from \$553.6 million at December 31, 2022. This change was composed of net redemptions of \$149.7 million and investment performance of \$5.9 million. The investment performance of the Fund includes income and expenses which vary year over year. The Fund’s income and expenses changed compared to the previous year mainly as a result of fluctuations in average net assets, portfolio activity and changes in the Fund’s income earning investments.

## Recent Developments

There have been no recent developments that have affected, or are likely to materially affect the Fund.

## Related Party Transactions

The Manager is a wholly owned subsidiary of The Bank of Nova Scotia (“Scotiabank”). Scotiabank also owns, directly or indirectly, 100% of Scotia Securities Inc., a mutual fund dealer, and Scotia Capital Inc. (which includes ScotiaMcLeod and Scotia iTRADE), an investment dealer.

The Manager, on behalf of the Fund, may enter into transactions or arrangements with other members of Scotiabank or certain other companies that are related or connected to the Manager (each a “related party”). All transactions between the Fund and the related parties are in the normal course of business and are carried out at arm’s length terms.

The purpose of this section is to provide a brief description of any transaction involving the Fund and a related party.

## **Fixed Administration Fees and Fund Costs**

The Manager pays the operating expenses of the Fund, other than Fund Costs, in exchange for the payment by the Fund of a fixed rate administration fee (the “Fixed Administration Fee”) to the Manager with respect to each series of the Fund. The expenses charged to the Fund in respect of the Fixed Administration Fee are disclosed in the Fund’s financial statements. The Fixed Administration Fee is equal to a specified percentage of the net asset value of a series, calculated and paid in the same manner as the management fees for the Fund. Further details about the Fixed Administration Fee can be found in the Fund’s most recent simplified prospectus.

In addition, each series of the Fund is responsible for its proportionate share of certain operating expenses (“Fund Costs”). Further details about Fund Costs can be found in the Fund’s most recent simplified prospectus.

The Manager, at its sole discretion, may waive or absorb a portion of a series’ expenses. These waivers or absorptions may be terminated at any time without notice.

### **Other Fees**

The Manager, or its affiliates, may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as banking, custody, brokerage, foreign exchange or derivatives transactions. The Manager, or its affiliates, may earn a foreign exchange spread when unitholders switch between series of funds denominated in different currencies.

### **Independent Review Committee**

The Manager has established an independent review committee (the "IRC") in accordance with National Instrument 81-107 – Independent Review Committee for Investment Funds ("NI 81-107") with a mandate to review and provide recommendations or approval, as required, on conflict of interest matters referred to it by the Manager on behalf of the Fund. The IRC is responsible for overseeing the Manager's decisions in situations where the Manager is faced with any present or perceived conflicts of interest, all in accordance with NI 81-107.

The IRC may also approve certain mergers between the Fund and other funds, and any change of the auditor of the Fund. Subject to any corporate and securities law requirements, no securityholder approval will be obtained in such circumstances, but you will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, securityholder approval may be required to approve certain mergers.

The IRC has four members, Stephen J. Griggs (Chair), Steven Donald, Heather A. T. Hunter and Jennifer L. Witterick, each of whom is independent of the Manager.

The IRC prepares and files a report to the securityholders each fiscal year that describes the IRC and its activities for securityholders as well as contains a complete list of the standing instructions. These standing instructions enable the Manager to act in a particular conflict of interest matter on a continuing basis provided the Manager complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter. This report to the securityholders is available on the Manager's website or, at no cost, by contacting the Manager.

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Fund as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. Each member of the IRC receives an annual retainer of \$62,000 (\$77,000 for the Chair), plus expenses for each meeting. The fees and expenses, plus associated legal costs, are allocated among all of the funds managed by the Manager for which the IRC acts as the independent review committee in a manner that is considered by the Manager to be

fair and reasonable. The main component of compensation is an annual retainer fee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses.

The Manager, in respect of the Fund, received the following standing instructions from the IRC with respect to related party transactions:

- Paying brokerage commissions and spreads to a related party for effecting security transactions on an agency and principal basis on behalf of the Fund;
- Purchases or sales of securities of an issuer from or to another investment fund managed by the Manager;
- Investments in the securities of issuers for which a related underwriter acted as an underwriter during the distribution of such securities and the 60-day period following the completion of such distribution;
- Executing foreign exchange transactions with a related party on behalf of the Fund;
- Purchases of securities of a related party;
- Entering into over-the-counter derivatives on behalf of the Fund with a related party;
- Outsourcing products and services to related parties which can be charged to the Fund;
- Acquisition of prohibited securities as defined by securities regulations;
- Trading in mortgages with a related party;
- Entering into a designated broker agreement with a related party; and
- Entering into a prime broker agreement with a related party.

The Manager is required to advise the IRC of any breach of a condition of the standing instructions. The standing instructions require, among other things, that the investment decision in respect to a related party transaction: (a) is made by the Manager free from any influence by an entity related to the Manager and without taking into account any consideration to any associate or affiliate of the Manager; (b) represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; and (c) is made in compliance with the Manager's written policies and procedures. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC to monitor compliance.

The Manager, in respect of the Fund, did not rely on IRC standing instructions regarding related party transactions during the period.

### **Financial Highlights**

The following tables show selected key financial information about each series of the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information on the following tables is based on prescribed regulations and as a result, is not expected to add across due to the increase (decrease) in net assets from operations being based on average units outstanding

during the period and all other numbers being based on actual units outstanding at the relevant point in time. Footnotes for the tables are found at the end of the Financial Highlights section.

### The Fund's Net Assets per Unit (\$)<sup>(1)</sup>

For the period ended	Net Assets, beginning of period	Increase (decrease) from operations:					Distributions:					Net Assets, end of period <sup>(1)</sup>
		Total revenue	Total expenses	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations <sup>(2)</sup>	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital	Total distributions <sup>(3)</sup>	
<b>Series I</b>												
Dec. 31, 2023	21.05	0.74	(0.12)	1.01	(1.39)	0.24	—	—	—	—	—	21.42
Dec. 31, 2022	20.42	0.65	(0.11)	1.88	(1.97)	0.45	—	—	—	—	—	21.05
Dec. 31, 2021	17.83	0.52	(0.10)	0.88	1.29	2.59	—	—	—	—	—	20.42
Dec. 31, 2020	18.61	0.51	(0.09)	0.75	(1.93)	(0.76)	—	—	—	—	—	17.83
Dec. 31, 2019	16.33	0.56	(0.11)	0.38	1.48	2.31	—	—	—	—	—	18.61

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value per unit. An explanation of these differences can be found in note 2 of the Fund's financial statements. The net asset value per unit at the end of the period is disclosed in Ratios and Supplemental Data.

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding for the relevant series at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding over the period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

### Ratios and Supplemental Data

As at	Total net asset value (000's) (\$) <sup>(1)</sup>	Number of units outstanding <sup>(1)</sup>	Management expense ratio ("MER") (%) <sup>(2)</sup>	MER before waivers or absorptions (%) <sup>(2)</sup>	Trading expense ratio ("TER") (%) <sup>(3)</sup>	Portfolio turnover rate (%) <sup>(4)</sup>	Net asset value per unit (\$) <sup>(1)</sup>
<b>Series I</b>							
Dec. 31, 2023	409,775	19,133,147	0.11	0.11	0.01	16.65	21.42
Dec. 31, 2022	553,561	26,297,938	0.11	0.11	0.01	20.59	21.05
Dec. 31, 2021	736,823	36,083,127	0.11	0.11	0.01	21.16	20.42
Dec. 31, 2020	686,845	38,526,465	0.11	0.11	0.02	48.18	17.83
Dec. 31, 2019	784,628	42,171,431	0.11	0.11	0.01	21.85	18.61

(1) This information is provided as at the period end of the years shown.

(2) The management expense ratio is based on the total expenses (including sales tax, and excluding commissions and other portfolio transaction costs) of each series of the Fund and a proportional share of underlying funds' expenses (mutual funds, ETFs and closed-end funds), where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs, short borrowing costs and interest on leverage of the Fund and the underlying funds, where applicable, expressed as an annualized percentage of daily average net asset value of the Fund during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

### Management Fees

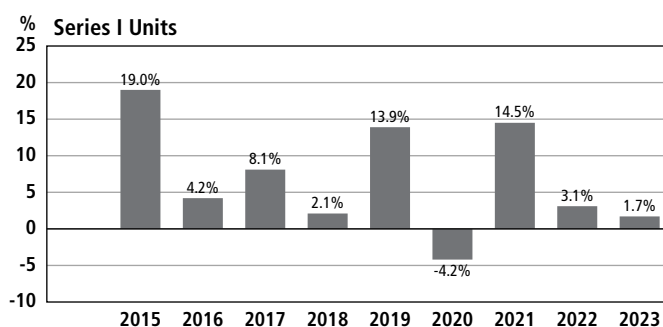
The Manager is not entitled to a management fee payable by the Fund in respect of Series I units. The management fee is negotiable and paid by unitholders directly to the Manager.

### Past Performance

The following shows the past performance for each series and will not necessarily indicate how the Fund will perform in the future. The information shown assumes that all distributions made by each series of the Fund in the periods shown were reinvested in additional units of the relevant series. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

### Year-By-Year Returns

The following charts show the performance for each series of the Fund and illustrate how performance has varied from year to year. The charts show, in percentage terms, how much an investment held on the first day of each calendar year would have increased or decreased by the last day of each calendar year for that series.



## Annual Compound Returns

The annual compound returns table below compares each series of the Fund's performance to one or more benchmarks. A benchmark is usually an index or a composite of more than one index. Fund returns are reported net of all management fees and expenses for all series, unlike the return of benchmarks which are based on the performance of an index that does not pay fees or incur expenses.

		One Year	Three Years	Five Years	Ten Years	Since Inception
<b>Series I</b>	%	<b>1.7</b>	<b>6.3</b>	<b>5.6</b>	–	<b>8.0</b>
MSCI World ex. Canada (C\$)	%	21.4	8.6	12.2	–	11.1

## Index Descriptions

MSCI World ex. Canada (C\$) – This index captures large and mid cap representation across developed markets, excluding Canada.

A discussion of the performance of the Fund as compared to its benchmark(s) is found in the Results of Operations section of this report.

## Summary of Investment Portfolio

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A quarterly portfolio update is available to the investor at no cost by calling 1-800-268-9269, or by visiting [www.scotiafunds.com](http://www.scotiafunds.com), 60 days after quarter end, except for December 31, which is the calendar year end, when they are available after 90 days.

By Country / Region	% of net asset value <sup>(1)</sup>
United States	69.1
Japan	9.1
Hong Kong	3.7
Singapore	3.5
Switzerland	2.1
Finland	1.7
France	1.7
Norway	1.7
Israel	1.3
New Zealand	1.2
United Kingdom	1.1
Cayman Islands	0.9
Germany	0.6
Portugal	0.6
Spain	0.6
Cash and Cash Equivalents	0.5
Other Net Assets (Liabilities)	0.3
Austria	0.2
Australia	0.1

## Top 25 Holdings

Issuer	% of net asset value <sup>(1)</sup>
Erie Indemnity Company, Class A	1.2
Expeditors International of Washington Inc.	1.2
Amgen Inc.	1.2
Baker Hughes Company	1.2
Spark New Zealand Ltd.	1.2
McDonald's Holdings Company Japan Ltd.	1.2
Republic Services Inc.	1.1
International Business Machines Corporation	1.1
Japan Tobacco Inc.	1.1
Kinder Morgan Inc.	1.1
Vertex Pharmaceuticals Incorporated	1.1
Church & Dwight Co., Inc.	1.1
AbbVie Inc.	1.1
HKT Trust and HKT Ltd.	1.1
Roper Technologies Inc.	1.1
The Procter & Gamble Company	1.1
NetApp Inc.	1.1
Colgate-Palmolive Company	1.1
Rollins Inc.	1.1
Singapore Telecommunications Limited	1.1
Walmart Inc.	1.1
Quest Diagnostics Incorporated	1.1
Eli Lilly and Company	1.0
Oracle Corporation	1.0
Merck & Co., Inc.	1.0

(1) Based on the net asset value, therefore, weightings presented in the Schedule of Investments may differ from the ones disclosed above.