

## 1832 AM Fundamental Canadian Equity Pool

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### Interim Management Report of Fund Performance

For the period ended June 30, 2023

This interim management report of fund performance contains financial highlights but does not contain either the interim financial statements or annual financial statements of the investment fund. You can get a copy of the interim financial statements or 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.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's 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 Fundamental Canadian Equity Pool.

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 International Financial Reporting Standards ("IFRS").

#### 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.*

#### Results of Operations

For the six-month period ended at June 30, 2023 (the "period"), the Series I Units of the Fund generated a total return of 14.4%. 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 S&P/TSX Composite Index returned 5.7% 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.

Financial markets put aside concerns over growth, inflation, and US regional banks in the second quarter, generating strong returns in most equity markets. In contrast, bonds lost ground as interest rates rose by a meaningful amount with central banks continuing to raise policy rates, albeit at a more modest pace.

Canadian GDP was flat in April, but it is expected to reach an annualized pace of 1.4% for the second quarter, which is just slightly above the Bank of Canada's April Monetary Policy Report forecast of 1.0%. Canadian inflation matched expectations, slowing to 3.4% year-over-year in May – its weakest pace in

two years. Canada's job market had an unexpectedly strong start to the year and continues to show momentum into the second quarter even with May's data ending the longest run of job gains since 2017.

For the period, the Fund outperformed the broad-based benchmark adding to its significant outperformance year-to-date.

Our underweight in Energy and Materials contributed nicely in the second quarter, with the declining price of oil and gas impacting stock prices, and price declines in other commodities such as precious metals and potash. Our overweight position in Technology stocks served us well, as it was the best-performing sector for the past two consecutive quarters.

During the period, top individual contributors to performance included Shopify, Open Text, and SNC Group. Top individual detractors from performance included Unitedhealth, Enghouse, and Winpak.

We opportunistically initiated a position in Tourmaline. Due to the warm winter, storage filled quickly in natural gas and pushed commodity prices to near-decade lows and at approximately half of our medium-term expectation based on increasing export capacity to help rebalance the global LNG markets post-Russia's invasion of Ukraine. We believe that natural gas will play an important role as a transition fuel. We expect Tourmaline to benefit as North American LNG export capacity doubles by the end of the decade.

We added to Open Text and TC Energy. We funded these additions by trimming Saputo, Stantec and WSP. Saputo performed well in 2022, but much of the improvement in earnings is reflected in the valuation. We reduced our positions in Stantec and WSP due to significant outperformance over the long term, resulting in relatively large positions in the portfolio.

We continued to build our TC Energy position on weakness, benefitting from a 7% yield while we waited for the sale of assets to materialize, which we believe would be a catalyst for the stock. We also added to our position in Brookfield Corporation on the basis that its substantial discount to Net Asset Value more than reflects any weakness in commercial real estate or private equity that we see on the horizon. Lastly, we added to Colliers, a company with excellent management and solid historical shareholder value creation that is cyclically under pressure due to current real estate industry concerns.

We trimmed three technology-related companies, Shopify, Thomson Reuters and CGI, as improved valuations have resulted in lowered expected returns.

We also folded our position in Brookfield Asset Management into its parent company, Brookfield Corporation, following the spin-off late last year.

The Fund's net asset value increased to \$589.5 million at June 30, 2023, from \$582.5 million at December 31, 2022. This change was composed of investment performance of \$80.7 million and net redemptions of \$73.7 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.

The Fund may make distributions at a rate determined by the Manager from time to time. If the aggregate amount of distributions exceeds the portion of net income and net realized capital gains, the excess will constitute a return of capital. The Manager does not believe that the return of capital distributions made by the Fund have a meaningful impact on the Fund's ability to implement its investment strategy or to fulfill its investment objective.

## 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.

### **Related Brokerage Commissions**

From time to time, the Fund may enter into portfolio securities transactions with Scotia Capital Inc. or other related dealers in

whom Scotiabank has a significant interest (a “Related Broker”). These Related Brokers may earn commission or spreads on such transactions, which are made on terms and conditions that are comparable to transactions made with non-related brokers.

During the period, the Fund paid \$1,568 in commissions to Related Brokers.

#### **Related Sub-Advisor**

The Fund is sub-advised by Jarislowsky Fraser Limited, a related party to the fund. The Manager may pay a fee, which is negotiated with the sub-advisor, to the sub-advisor in respect of the investment advisory services provided to the Fund.

#### **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 five members, Stephen J. Griggs (Chair), Steven Donald, Simon Hitzig, 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. Prior to November 1, 2021, each IRC member also received a fee for each committee meeting attended. 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, relied 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>(4)</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>												
<b>Jun. 30, 2023</b>	<b>11.81</b>	<b>0.14</b>	<b>(0.01)</b>	<b>0.40</b>	<b>1.22</b>	<b>1.75</b>	—	—	—	—	—	<b>13.52</b>
Dec. 31, 2022	14.16	0.22	(0.01)	0.94	(2.85)	(1.70)	—	(0.23)	(0.52)	—	(0.75)	11.81
Dec. 31, 2021	11.36	0.27	(0.01)	0.48	2.34	3.08	—	(0.25)	—	—	(0.25)	14.16
Dec. 31, 2020	11.07	0.28	(0.01)	(0.20)	0.97	1.04	—	(0.20)	—	—	(0.20)	11.36
Dec. 31, 2019	9.47	0.30	(0.01)	(0.22)	1.77	1.84	—	(0.23)	—	—	(0.23)	11.07
Dec. 31, 2018	10.46	0.30	(0.01)	0.05	(1.01)	(0.67)	—	(0.29)	—	—	(0.29)	9.47

(1) This information is derived from the Fund's interim and 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>							
<b>Jun. 30, 2023</b>	<b>589,511</b>	<b>43,611,825</b>	<b>0.08</b>	<b>0.08</b>	<b>0.01</b>	<b>4.04</b>	<b>13.52</b>
Dec. 31, 2022	582,480	49,310,400	0.08	0.08	0.01	16.90	11.81
Dec. 31, 2021	756,752	53,431,590	0.08	0.08	0.02	17.00	14.16
Dec. 31, 2020	638,801	56,240,316	0.08	0.08	0.04	15.28	11.36
Dec. 31, 2019	398,576	36,020,771	0.08	0.08	0.02	9.28	11.07
Dec. 31, 2018	256,580	27,084,624	0.08	0.08	0.03	15.83	9.47

(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.

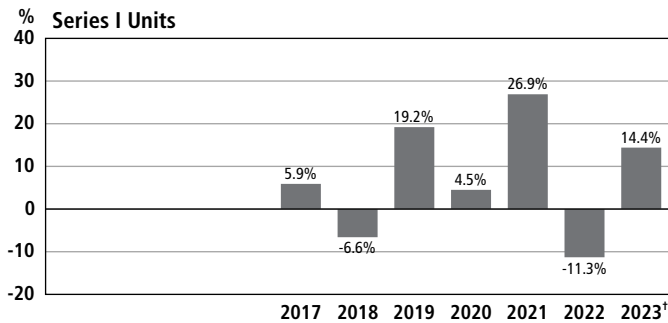
## Past Performance

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.



† Six-month period ended June 30, 2023

## 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 Industry	% of net asset value <sup>(1)</sup>
Financials	22.8
Industrials	19.7
Information Technology	15.4
Consumer Discretionary	12.6
Consumer Staples	10.1
Materials	6.7
Energy	4.4
Health Care	3.0
Real Estate	2.4
Communication Services	1.8
Cash and Cash Equivalents	0.9
Other Net Assets (Liabilities)	0.2

## Top 25 Holdings

Issuer	% of net asset value <sup>(1)</sup>
Canadian National Railway Company	6.3
Brookfield Corporation, Class A	4.8
Bank of Nova Scotia, The	4.3
Shopify Inc., Class A	4.0
Open Text Corporation	3.8
TransCanada Corporation	3.8
CGI Group Inc., Class A	3.7
Thomson Reuters Corporation	3.6
SNC-Lavalin Group Inc.	3.5
Restaurant Brands International Inc.	3.4
Alimentation Couche-Tard Inc., Class A	3.4
Intact Financial Corporation	3.1
WSP Global Inc.	3.0
CCL Industries Inc., Class B	3.0
Stantec Inc.	2.9
Franco-Nevada Corporation	2.9
Gildan Activewear Inc.	2.7
Magna International Inc.	2.6
Manulife Financial Corporation	2.3
CAE Inc.	2.1
Metro Inc., Class A	2.1
Amazon.com Inc.	2.1
Premium Brands Holdings Corporation	1.9
National Bank of Canada	1.9
Boyd Group Services Inc.	1.9

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