

# Scotia INNOVA Balanced Income Portfolio Class

## 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 Scotia INNOVA Balanced Income Portfolio Class.

The term "net asset value" or "net asset value per share" 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 share" refers to total equity or net assets attributable to shareholders 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 A Shares of the Fund generated a total return of 4.6%. Fund returns are reported net of all management fees and expenses for all series, 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. Returns for other series of the Fund will be similar to Series A Shares of the Fund with any difference in performance being primarily due to different management fees, operating expenses and other expenses that are applicable to that particular series. Please see the "Past Performance" section for the performance of the Fund's other series.

To achieve its long-term asset allocation mandate, the Fund invested directly in fund(s) managed by the Manager or by third party investment managers ("Underlying Fund(s)"). As a result the following commentary on investment portfolio activity relates to the Underlying Fund(s). Commentary on income, expenses and shareholder activity relate to the Fund.

The Fund's broad-based benchmarks, the FTSE Canada Universe Bond Index and the Solactive GBS Developed Markets Large & Mid Cap Index (C\$) returned 2.5% and returned 12.7%, respectively, during the same period. In accordance with National

Instrument 81-106, we have included a comparison to broad-based indices to help you understand the Fund's performance relative to the general performance of the market, but caution that the Fund's mandate may be significantly different from the index shown.

The Fund's blended benchmark, 15% S&P/TSX Composite Index, 60% FTSE Canada Universe Bond Index and 25% Solactive GBS Developed Markets Large & Mid Cap Index (C\$) returned 5.5% during the same period. We have included this comparison, which more closely reflects the market sectors and/or asset classes in which the Fund invests, to provide a more useful comparative to the performance of the Fund.

The Fund has a long-term asset allocation of 60% bonds and 40% equities. During the period, the Fund underperformed its blended benchmark as a result of its global equity component underperforming its respective benchmark.

The Canadian bond market, as represented by the FTSE Canada Universe Bond Index, finished up 2.5% for the six-month period ending June 30, 2023, as inflation remained stubborn across most global markets. The 10-year Government of Canada yield was volatile during the period, driven early on by contagion concerns over regional bank collapses in the U.S., though was relatively range-bound between 2.7% and 3.5% and finished the period basically flat at 3.3%. The Bank of Canada raised its policy rate by 25 bps in January, paused its rate hiking schedule in March and April, before raising rates again in early June as inflation concerns refused to go away.

Within the U.S., the 10-year Treasury yield had been trending upwards early in the year before rallying sharply in March as markets reacted to the regional banking crisis in the U.S. They recovered slightly but then remained rangebound for the rest of the quarter finishing the period at 3.8%. The Federal Reserve weathered the financial crisis well and hiked rates three times by 25bps each in February, March and May, before opting to hold its key rate steady at 5% in June.

Investment grade and high yield credit spreads, as measured by ICE BofA Canadian and U.S. corporate indices OAS (Option-Adjusted Spread), rallied at the start of the year before widening materially in the midst of the bank crisis in March. As worries over contagion subsided, spreads drifted lower for the remainder of the year.

Within the Fund's fixed income component, Dynamic Credit Absolute Return II Fund, Scotia Canadian Income Fund and 1832 AM Total Return Bond LP outperformed the FTSE Universe Bond Index and contributed to performance. In addition, Scotia Mortgage Income Fund and 1832 AM Global Credit Pool performed in line with the index. Conversely, Scotia Wealth Canadian Corporate Bond Pool and Scotia Wealth Short-Mid Government Bond Pool underperformed the index and detracted from performance. Overall, however, the combined weighted average of the Fund's fixed income holdings outperformed the index.

The Canadian equity market ended the six-month period in positive territory as the S&P/TSX Composite Index returned 5.7%. The major theme for the first half of 2023 was combating inflation by the central bank.

At the end of May 2023, we witnessed inflation dip from 6.3% in December 2022 to 3.4%. The slowdown was largely attributed to a decline in gasoline prices and an ease in supply chain bottlenecks. The result was broadly in line with the Bank of Canada's (BoC) baseline scenario that inflation will slow to the 3% mark by summer, raising doubts over the extent of rate hikes left in its tightening campaign. The BoC has raised interest rates only twice for the period closing at 4.75% – hitting a 15-year high in Canada. Though, it has not reached its target inflation rate of 2%, the central bank has hinted it is not done raising interest rates.

Against this backdrop, consumers got relief at the gas pumps as oil prices declined from \$80 U.S. dollars to around \$71 U.S. dollars per barrel. GDP growth rebounded to positive territory in the first quarter to 0.8% after remaining flat in the fourth quarter of 2022. The pause in rates alleviated Canada's housing market in making a strong recovery as home prices rose higher than what they were at this same time last year – it is the first time the housing market has seen a positive increase in prices on an annual basis.

Ten of the 11 GICS (Global Industry Classification Standard) sectors posted positive returns over the six-month period. The best performing sectors were Information Technology (47.5%), Consumer Discretionary (11.3%) and Industrials (8.7%). The worst performing sectors were Energy (-2.3%), Materials (0.6%) and Health Care (1.3%).

Over the period, the Canadian dollar strengthened against most major currencies including the Euro currency, Japanese yen and the U.S. dollar.

Among the Fund's four Canadian equity holdings, 1832 AM Canadian Growth LP and Scotia Wealth Fundamental Canadian Equity Pool outperformed the S&P/TSX Composite Index and contributed to performance, while 1832 AM Canadian Dividend LP performed in line with the index. The Fund's remaining Canadian equity holding, Scotia Canadian Dividend Fund, underperformed the index and detracted from performance. As a result, the combined weighted average of the Fund's Canadian equity holdings outperformed the index.

Global equities advanced over the six-month period as the MSCI World Index (C\$) returned 12.6%. Tight monetary conditions and the rising odds for a potential recession were key headwinds facing the global economy over this period.

Inflation remained the dominant economic issue over the period. Many central banks continued to tighten monetary policy by raising interest rates or tapering their asset purchase programs to curb inflation. This has marked a deceleration in the CPI for most major economies; a major contributor was also the decline in oil prices from \$80 U.S. dollars to around \$71 U.S. dollars a barrel. Central banks continue to face the delicate task of balancing the need for economic stimulus with the risk of elevated prices. Nonetheless, the U.S. Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England (BoE) have not reached their target inflation rate of 2%, all three major central banks have hinted they are not done raising interest rates.

Seven of the 11 GICS (Global Industry Classification Standard) sectors posted positive returns over the six-month period, with

Information Technology, Communication Services and Consumer Discretionary being the largest contributors to index returns. The worst performing sectors were Energy, Utilities and Health Care.

Six of the Fund's global equity holdings underperformed the Solactive GBS Developed Markets Large & Mid Cap Index and detracted from performance. These included 1832 AM Global Low Volatility Equity LP, Scotia Wealth International Equity Pool, 1832 AM U.S. Low Volatility Equity LP, Scotia Wealth World Infrastructure Pool, Scotia Global Dividend Fund and 1832 AM U.S. Dividend Growers LP. Scotia Wealth Premium Payout Pool and 1832 AM Tactical Asset Allocation LP were the only global equity holdings to outperform the index and contribute to performance, while Scotia Global Growth Fund and 1832 AM International Equity LP performed in line with the index. The combined weighted average of the Fund's global equity holdings underperformed the index as a result.

The Fund's net asset value decreased to \$839.7 million at June 30, 2023, from \$883.3 million at December 31, 2022. This change was composed of net redemptions of \$80.4 million, cash distributions of \$2.9 million and investment performance of \$39.7 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.

Certain series of the Fund, as applicable, may make distributions at a rate determined by the Manager from time to time. If the aggregate amount of distributions in such series exceeds the portion of net income and net realized capital gains allocated to such series, the excess will constitute a return of capital. The Manager does not believe that the return of capital distributions made by such series of 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.

## Management Fees

The Manager is responsible for the day-to-day management and operations of the Fund. Certain series of the Fund pay the Manager a management fee for its services as described in the "Management Fee" section later in this document. The management fee is an annualized rate based on the net asset value of each series of the Fund, accrued daily and paid monthly.

## 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.

## Custodial Services

Scotiabank, as the custodian of the Fund, earns a fee for providing custody and related services. The custodian holds the cash and investments of the Fund in safekeeping to ensure that they are used only for the benefit of the investors of the Fund. The custodian fee is paid by the Manager, in exchange for the Fixed Administration Fee received from the Fund.

The Fund has received approval from the Independent Review Committee to invest the Fund's overnight cash with Scotiabank with interest paid by Scotiabank to the Fund, based on prevailing market rates.

## Distribution Services

Certain registered dealers through which shares of the Fund are distributed are related parties to the Fund and the Manager. The Manager may pay a trailing commission, which is negotiated with dealers, to dealers for their financial advisors in respect of the assets of their clients invested in securities of the Fund. The Manager, during the period, could also pay trailing commissions to dealers for securities purchased or held through discount brokerage accounts.

## 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 shareholders 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.

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

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.

**The Fund's Net Assets per Share (\$)<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 A</b>												
Jun. 30, 2023	11.79	0.13	(0.12)	(0.03)	0.57	0.55	–	–	(0.12)	–	(0.12)	12.21
Dec. 31, 2022	13.43	0.29	(0.24)	0.16	(1.59)	(1.38)	–	(0.05)	(0.30)	–	(0.35)	11.79
Dec. 31, 2021	12.78	0.28	(0.26)	0.60	0.08	0.70	–	(0.05)	–	–	(0.05)	13.43
Dec. 31, 2020	12.34	0.28	(0.25)	0.19	0.31	0.53	–	(0.04)	(0.13)	–	(0.17)	12.78
Dec. 31, 2019	11.94	0.36	(0.25)	0.25	0.66	1.02	–	(0.05)	(0.56)	–	(0.61)	12.34
Dec. 31, 2018	12.27	0.35	(0.25)	0.62	(0.96)	(0.24)	–	(0.08)	–	–	(0.08)	11.94
<b>Series F</b>												
Jun. 30, 2023	9.61	0.11	(0.04)	(0.02)	0.43	0.48	–	–	(0.10)	–	(0.10)	10.00
Dec. 31, 2022*	10.00	0.23	(0.07)	0.09	(0.61)	(0.36)	–	(0.04)	–	–	(0.04)	9.61

\* The start date for Series F shares was March 8.

**Series FT**

Jun. 30, 2023	13.97	0.15	(0.06)	(0.02)	0.44	0.51	–	–	(0.08)	(0.25)	(0.33)	14.35
Dec. 31, 2022*	15.00	0.40	(0.10)	0.14	(0.62)	(0.18)	–	(0.06)	–	(0.45)	(0.51)	13.97

\* The start date for Series FT shares was March 8.

**Series T**

Jun. 30, 2023	11.44	0.12	(0.12)	(0.03)	0.57	0.54	–	–	(0.11)	(0.21)	(0.32)	11.64
Dec. 31, 2022	13.50	0.29	(0.24)	0.16	(1.57)	(1.36)	–	(0.05)	(0.30)	(0.41)	(0.76)	11.44
Dec. 31, 2021	13.29	0.29	(0.27)	0.61	0.08	0.71	–	(0.05)	–	(0.45)	(0.50)	13.50
Dec. 31, 2020	13.27	0.31	(0.27)	0.21	0.33	0.58	–	(0.04)	(0.14)	(0.42)	(0.60)	13.29
Dec. 31, 2019	13.26	0.40	(0.27)	0.28	0.71	1.12	–	(0.05)	(0.62)	(0.44)	(1.11)	13.27
Dec. 31, 2018	14.12	0.40	(0.29)	0.71	(1.03)	(0.21)	–	(0.09)	–	(0.55)	(0.64)	13.26

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

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

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

**Ratios and Supplemental Data**

As at	Total net asset value (000's) (\$) <sup>(1)</sup>	Number of shares 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 share (\$) <sup>(1)</sup>
<b>Series A</b>							
Jun. 30, 2023	691,706	56,659,903	2.08	2.08	0.04	2.10	12.21
Dec. 31, 2022	727,953	61,767,972	2.05	2.05	0.03	3.27	11.79
Dec. 31, 2021	965,794	71,927,101	2.05	2.05	0.04	23.13	13.43
Dec. 31, 2020	885,564	69,316,384	2.06	2.06	0.05	16.85	12.78
Dec. 31, 2019	963,797	78,094,714	2.05	2.05	0.04	18.83	12.34
Dec. 31, 2018	984,535	82,467,553	2.07	2.07	0.08	23.98	11.94
<b>Series F</b>							
Jun. 30, 2023	2,741	273,979	0.96	0.96	0.04	2.10	10.00
Dec. 31, 2022	1,717	178,611	0.93	0.93	0.03	3.27	9.61
<b>Series FT</b>							
Jun. 30, 2023	1,301	90,642	0.97	0.97	0.04	2.10	14.35
Dec. 31, 2022	405	29,005	0.92	0.92	0.03	3.27	13.97
<b>Series T</b>							
Jun. 30, 2023	143,906	12,357,902	2.09	2.09	0.04	2.10	11.64
Dec. 31, 2022	153,253	13,393,056	2.06	2.06	0.03	3.27	11.44
Dec. 31, 2021	206,482	15,292,206	2.06	2.06	0.04	23.13	13.50
Dec. 31, 2020	183,674	13,815,688	2.07	2.07	0.05	16.85	13.29
Dec. 31, 2019	187,909	14,163,287	2.05	2.05	0.04	18.83	13.27
Dec. 31, 2018	189,250	14,267,133	2.08	2.08	0.08	23.98	13.26

(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 management fee is an annualized rate based on the net asset value of each series of the Fund, accrued daily and paid monthly. The management fees cover the costs of managing the Fund, arranging for investment analysis, recommendations and investment decision making for the Fund, arranging for distribution of the Fund, marketing and promotion of the Fund and providing or arranging for other services.

The breakdown of services received in consideration of management fees for each series, as a percentage of the management fees, are as follows:

	Management fees (%)	Dealer compensation (%)	Other <sup>†</sup> (%)
Series A	1.70	52.9	47.1
Series F	0.70	–	100.0
Series FT	0.70	–	100.0
Series T	1.70	52.8	47.2

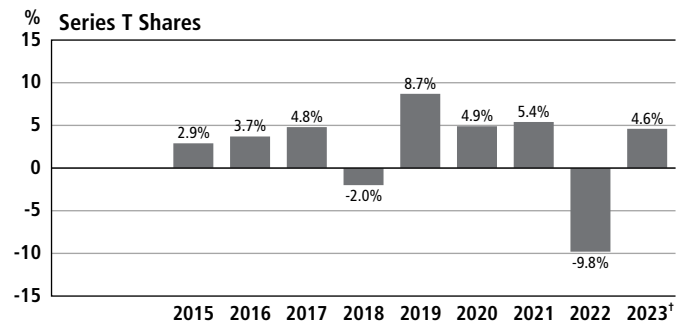
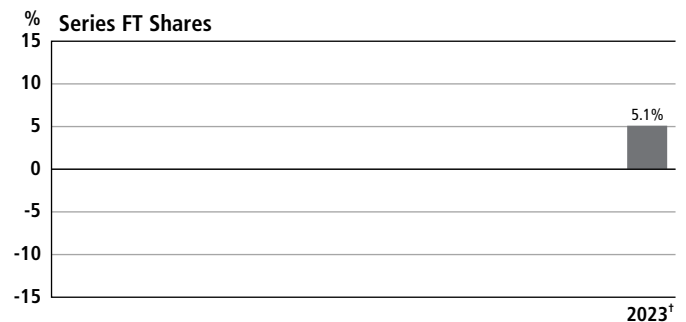
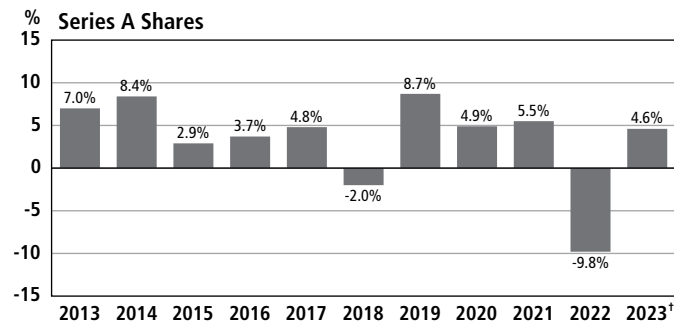
<sup>†</sup> Relates to all services provided by the Manager described above except dealer compensation.

## 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 shares 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.



<sup>†</sup> 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.

The Fund invests primarily in mutual funds managed by the Manager and/or third party investment managers. The simplified prospectus, annual information form and other information about the Underlying Funds are available on the Internet at [www.sedar.com](http://www.sedar.com).

By Asset Type	% of net asset value <sup>(1)</sup>
Fixed Income Funds	54.5
Foreign Equity Funds	28.1
Canadian Equity Funds	15.1
Balanced Funds	2.3
Cash and Cash Equivalents	0.2
Other Net Assets (Liabilities)	-0.2

**Top Holdings**

<b>Issuer*</b>	<b>% of net asset value<sup>(1)</sup></b>
Scotia Canadian Income Fund, Series I	18.5
1832 AM Total Return Bond LP, Series I	10.5
Scotia Canadian Dividend Fund, Series I	8.3
Scotia Wealth Short-Mid Government Bond Pool, Series I	7.9
Scotia Global Growth Fund, Series I	5.6
1832 AM Global Credit Pool, Series I	5.5
Scotia Wealth Canadian Corporate Bond Pool, Series I	5.3
Scotia Mortgage Income Fund, Series I	5.1
1832 AM U.S. Low Volatility Equity LP, Series I	4.0
1832 AM Global Low Volatility Equity LP, Series I	4.0
1832 AM International Equity LP, Series I	4.0
1832 AM Canadian Growth LP, Series I	3.0
Scotia Wealth International Equity Pool, Series I	2.5
1832 AM Tactical Asset Allocation LP, Series I	2.3
1832 AM Fundamental Canadian Equity Pool, Series I	2.3
1832 AM U.S. Dividend Growers LP, Series I	2.0
Scotia Global Dividend Fund, Series I	2.0
Scotia Wealth Premium Payout Pool, Series I	2.0
Scotia Wealth World Infrastructure Pool, Series I	2.0
Dynamic Credit Absolute Return II Fund, Series OP	1.7
1832 AM Canadian Dividend LP, Series I	1.5
Cash and Cash Equivalents	0.2

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

\* Securities legislation requires the top 25 holdings of the Fund to be presented; however, the Fund currently has less than 25 holdings.