

IRC REPORT TO UNITHOLDERS

As at December 31, 2020

Dear Unitholder:

The members of the independent review committee (the “IRC”) of the mutual funds managed by 1832 Asset Management (the “Manager”) are pleased to submit our annual report to unitholders of the funds listed in Schedule “A” attached (collectively, the “Funds” or individually, the “Fund”) for the year ended December 31, 2020.

Securities regulators have given the IRC a mandate to review mutual fund conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the conflict of interest matter. The IRC’s focus is on the question of whether the Manager’s proposed action achieves a fair and reasonable result for the Funds.

At least annually, the IRC reviews and assesses the adequacy and effectiveness of the Manager’s policies and procedures relating to conflict of interest matters in respect of the Funds. The IRC also conducts annually a self-assessment of its independence, compensation and effectiveness.

On October 31, 2020 Carol Perry retired as a member of the IRC and as the Chair of the IRC. The IRC thanks Ms. Perry for her contributions and years of service. As a result, Stephen Griggs has been appointed the Chair of the IRC and we are pleased to welcome Steven Donald as a member of the IRC, both effective Novembers 1, 2020.

The members of the IRC look forward to continuing to serve in the best interests of the Funds’ and working effectively and openly with the Manager.

“Stephen Griggs”

Stephen Griggs
Chair of the Independent Review Committee

IRC Member Biography
Date of Appointment and Length of Service

IRC Member	Date of Appointment	Length of Service
<i>Steven Donald</i>	<i>November 1, 2020</i>	<i>2 months</i>
<p>Mr. Donald has over 30 years of experience in the financial services industry. Most recently, he was Executive Vice-President and Chief Risk Officer for CI Financial, a global wealth management firm, until his retirement in 2019. In this role, he was responsible for Enterprise Risk Management, Legal and Compliance as well as Industry, Regulatory and Government Relations. Prior to his appointment as Executive Vice-President of CI Financial, Mr. Donald held increasingly senior roles within the organization, including President of Assante Wealth Management, Senior Vice-President and Chief Financial Officer at Assante and Vice-President and Chief Financial Officer at Synergy Asset Management. Mr. Donald is a past Chair of the Investment Industry Association of Canada; as well as, past Chair of the Mutual Fund Dealers Association. He holds a Bachelor of Commerce from the University of British Columbia and is a Fellow of the Institute of Chartered Professional Accountants of Ontario.</p>		
<i>Stephen Griggs</i> <i>Chair of the IRC</i>	<i>May 15, 2018</i>	<i>2 years, 7 months</i>
<p>Mr. Griggs is the Chief Executive Officer of Smoothwater Capital Corporation, a private investment company. Mr. Griggs is Chair of the Board of TSX listed Genesis Land Development Corp. and Chair of the Board of Haventree Bank, a federally regulated bank controlled by Smoothwater. Mr. Griggs has also held senior executive positions with OPTrust, Legg Mason Canada Inc., and two leading Canadian mutual fund companies. Mr. Griggs also served for three years as Executive Director of the Canadian Coalition for Good Governance. Mr. Griggs was also a corporate/commercial and securities law partner with the Toronto law firm Smith Lyons (now Gowlings) until 1994 and remains a member of the Law Society of Ontario with a J.D. from the University of Toronto Law School. He has been an adjunct professor at Osgoode Hall Law School teaching in the area of corporate governance and lectures at the Directors College.</p>		
<i>Simon Hitzig</i>	<i>November 1, 2013</i>	<i>7 years, 2 months</i>
<p>Mr. Hitzig is the President & Chief Executive Officer of Toronto based Accord Financial Corp., a TSX-listed independent commercial finance company. Prior to joining Accord Financial Corp., Mr. Hitzig joined Dynamic Funds™ in 1987 which was a part of Dundee Wealth Inc. at the time. Over the span of two decades to 2009, Mr. Hitzig held executive positions in marketing, product development and distribution strategy. Mr. Hitzig completed his MBA at Georgetown University in Washington DC and has a BA from York University in Toronto.</p>		
<i>Heather Hunter</i>	<i>May 15, 2018</i>	<i>2 years, 7 months</i>
<p>Ms. Hunter has over 40 years of experience in the investment industry, most recently as Vice-President and Head of Canadian Equities at Invesco, a global investment manager from where she recently retired. Previously Ms. Hunter held senior positions at Ontario Teachers Pension Plan Board and Confederation Life. She served as a director of Maple Leaf Foods and of NexGen Financial Corporation. Ms. Hunter received a Queen's Diamond Jubilee medal in recognition of her contributions to Easter Seals of Ontario as a director and chair. She is a member of the University of Toronto Investment Advisory Committee, and of the Baycrest Foundation and Laidlaw Foundation investment committees. Ms. Hunter has an Honours BA from McGill University, an MBA from the University of Western Ontario, and a CFA.</p>		

<i>Jennifer Witterick</i>	<i>May 1, 2016</i>	<i>4 years, 8 months</i>
<p>Ms. Witterick has been active in the investment industry for 30 years. She was the Founder & CEO of Sky Investment Counsel and a partner at Foyston, Gordon & Payne and Hamlin Watsa Investment Counsel. Ms. Witterick is a past President of the CFA Society Toronto and a member of the Institute of Corporate Directors, holding the ICD. D designation. She is a CFA charter holder and a graduate of the University of Western Ontario. Currently, Ms. Witterick is an international bestselling author.</p>		

The IRC serves as the independent review committee of the Scotia Funds, the Scotia Private Pools and the Pinnacle Portfolios, Scotia ETFs, Dynamic Funds and Marquis Investment Program. Each member of the IRC is also a member of the Independent Review Committee for the pooled funds managed by Jarislowsky Fraser Limited, a subsidiary of the Bank of Nova Scotia. Furthermore, each member of the IRC also serves on the independent review committees for the MD Funds and MDPIM Pools and for the MD Pooled Funds which are managed by MD Financial Management Inc., a subsidiary of the Bank of Nova Scotia. Stephen Griggs also serves as a member of the Independent Review Committee of Tangerine Investment Management Inc., a subsidiary of the Bank of Nova Scotia. None of the members of the IRC serve as a member of an independent review committee for the investment funds managed by an investment fund manager not affiliated with the Bank of Nova Scotia.

Holdings

(a) Funds

As at December 31, 2020, the percentage of units of each class of each Fund beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 per cent.

(b) Manager

As at December 31, 2020, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of the Manager.

(c) Service Providers

As at December 31, 2020, the percentage of securities of each class or series of voting or equity securities of Bank of Nova Scotia or any other company or entity providing services to the Funds or the Manager beneficially owned, directly or indirectly, in aggregate, by all members of the IRC was less than 0.01%.

Compensation and Indemnities

The aggregate compensation paid by the Funds to the IRC for the Reporting Period was \$166,898. This amount was allocated amongst the Funds.

No indemnities were paid to the IRC by the Manager of the Funds during the Reporting Period.

At least annually, the IRC reviews its compensation, giving consideration to the following:

1. the best interests of the Funds;
2. industry best practices, including industry averages and surveys on IRC compensation;
3. the number, nature and complexity of the mutual funds for which the IRC acts;

4. the nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member; and
5. any recommendations concerning IRC compensation made by the Manager.

Conflict of Interest Matters

During the period January 1, 2020 to December 31, 2020 (the “Reporting Period”), the IRC considered conflict of interest matters that the Manager referred to it for its recommendation or, where applicable, its approval pursuant to its charter and in accordance with the requirements of the Canadian securities regulators for independent review committees of publicly offered mutual funds set forth in National Instrument 81-107 (“NI 81-107”).

The IRC considers conflict of interest matters referred to it and makes recommendations to the Manager on whether or not the IRC believes the proposed actions of the Manager will achieve a fair and reasonable result for the applicable Funds. Where appropriate, the IRC gives the Manager standing instructions which 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.

The Manager has an obligation to report to the IRC any instance in which it acted in a conflict of interest matter but did not meet a condition imposed by the IRC through an approval or recommendation. The Manager is also required to notify the IRC if it proposes to act in a conflict of interest matter where the IRC did not provide a positive recommendation. As of the date of this report, the Manager has informed the IRC that it is not aware of any such instances. The IRC is required to advise the Canadian Securities regulators if it determines an action by the Manager was not made in accordance with its approval. No such reports to the regulators were required.

Approvals

As permitted by Canadian securities legislation, including NI 81-107 and exemptive relief granted by the Canadian securities regulators, during the Reporting Period, the IRC provided approval in the form of Standing Instructions and subject to terms and conditions for the Funds to:

1. ***Entering into a Prime Broker Agreement with a Related Party***, which provides approval for the Funds to enter into an agreement with a related party, including Scotia Capital Inc., to act as a prime broker for the Funds;
2. ***Inter-fund Trading***, which provides approval for the purchase of securities from or the sale of securities to, another Fund or pooled fund or segregated account managed by the Manager (also referred to as cross trading);
3. ***In-Specie Transactions***, which provides approval for the purchase or redemption of units or shares of a Fund in consideration for portfolio securities delivered to or delivered from the Fund, as opposed to cash considerations;

4. ***Mortgages***, which provides circumstances and criteria in respect of the Scotia Mortgage Income Fund (the “Mortgage Fund”), that permits the Mortgage Fund to purchase mortgages from, and sell mortgages to, Scotia Mortgage Corporation, The Bank of Nova Scotia and their affiliates;
5. ***Principal Trading with a Related Party***, which provides approval for the purchase or sale of securities from or to the account of a related party, including Scotia Capital Inc., where the related party is acting for its own account on a principal basis;
6. ***Purchase, Holding and Sale of Securities of a Related Party***, which provides approval for the investment in both equity and debt securities of related issuers, including securities issued by The Bank of Nova Scotia; and
7. ***Purchase of Securities Underwritten by a Related Party***, which provides approval for the investment in securities of an issuer where a related party, including Scotia Capital Inc., acts as an underwriter during the distribution of the securities and during the 60-day period following the completion of the distribution of such securities.

Recommendations

During the Reporting Period, the following are conflict of interest matters that have been identified by the Manager for the IRC to consider and for which the IRC has given positive recommendations in the form of Standing Instructions:

1. ***Acquisition of Securities of a Related Underlying Fund***, which provides the circumstances and criteria for making investments in other Funds managed by the Manager;
2. ***Agency Trading with a Related Party***, which provides the circumstances and trading terms under which commissions paid for by the Funds to a related party, including Scotia Capital Inc. in its capacity as broker to execute securities transactions;
3. ***Dual Employment***, which provides the circumstances and terms under which certain employees of the Manager maintain employment including directorships, outside of the Manager;
4. ***Entering into a Designated Broker Agreement with a Related Party***, which provides the circumstances for the Funds to enter into an agreement with a related party, including Scotia Capital Inc., to act as a designated broker for the Funds;
5. ***Entering into Over-the-Counter (“OTC”) Derivatives with a Related Party***, which provides the circumstances and trading terms under which commissions, spreads or other trading costs paid for by the Funds to a related party, including Scotia Capital Inc. in its capacity as broker or counterparty for entering into OTC derivative transactions;
6. ***Expense Recovery***, which provides how eligible operating expenses of the Funds are charged, allocated and recovered;
7. ***Employee Personal Trading***, which provides how personal trading of certain employees of the Manager are restricted and monitored;

8. **Error Correction**, which provides how trading, valuation or other errors made within a Fund are identified and corrected;
9. **Fair Allocation**, which provides how investment opportunities are allocated across the Funds;
10. **Fair Valuation**, which provides how portfolio assets are valued for the purpose of calculating the net asset value of the Funds;
11. **Gifts and Entertainment**, which provides guidelines regarding acceptance of gifts and entertainment by the Manager's employees;
12. **Large Transactions**, which provides the criteria for which the Manager negotiates the terms for large transactions with unitholders or shareholders;
13. **Outsourcing to Related Parties**, which provides the circumstances and criteria under which services of the Funds are outsourced to a related party for a fee;
14. **Portfolio Advisor Oversight**, provides the criteria and process for the selection and monitoring of portfolio advisors, including external sub-advisors;
15. **Proxy Voting**, which provides the criteria and process in which proxies received by the Fund concerning a related party, including the Bank of Nova Scotia, are voted;
16. **Redemption of Fund Securities**, which provides the criteria and circumstances for which the Manager redeems units or shares of a Fund held for its own account, including seed capital investments;
17. **Short-Term Trading**, which provides the process to deter excessive trading by unitholders or shareholders in units or shares of the Funds;
18. **Soft Dollar Arrangements** which provides how eligible research and order execution services beneficial to the management of the Funds are obtained through commissions paid for by the Funds in connection with the execution of securities transactions; and
19. **Trading Foreign Exchange with a Related Party** which provides the circumstances and trading terms under which spreads or other trading costs paid for by the funds to a related party, including Scotia Capital Inc. in its capacity as broker for executing foreign exchange transactions.

By written resolution dated January 23, 2020, the IRC approved an in specie subscription to the 1832 AM Investment Grade Canadian Corporate Bond Pool from the Scotia Income Advantage Fund.

By written resolution dated June 3, 2020, the IRC rescinded the "Prohibited Investments" standing instruction and policy in response to the Manager's recommendation that the conflict of interest matter was appropriately addressed in other standing instructions and this standing instruction was no longer required.

By written resolution dated June 3, 2020, the IRC approved a new standing instruction "Entering into a

Prime Broker Agreement with a Related Party” and reviewed its associated policy.

By written resolution dated June 3, 2020, the IRC approved a new standing instruction “Gifts and Entertainment” and reviewed its associated policy.

By written resolution dated September 9, 2020, the IRC approved transactions related to the planned launch of three ETFs for which Scotia Capital Inc., an affiliate of the Manager, will act as designated broker.

By written resolution dated December 3, 2020, the IRC approved a new standing instruction “Entering into a Designated Broker Agreement with a Related Party” and reviewed its associated policy.

**Schedule “A”
The Funds**

1832 AM Canadian Dividend LP
1832 AM Canadian Growth LP
1832 AM Global Completion LP
1832 AM Global Low Volatility Equity LP
1832 AM Investment Grade Canadian Corporate Bond Pool
1832 AM Tactical Asset Allocation LP
1832 AM Total Return Bond LP
1832 AM U.S. \$ Investment Grade U.S. Corporate Bond Pool
1832 AM U.S. Dividend Growers LP
1832 AM U.S. Low Volatility Equity LP
Pinnacle Balanced Portfolio
Scotia Aria Conservative Build Portfolio
Scotia Aria Conservative Defend Portfolio
Scotia Aria Conservative Pay Portfolio
Scotia Aria Equity Build Portfolio
Scotia Aria Equity Defend Portfolio
Scotia Aria Equity Pay Portfolio
Scotia Aria Moderate Build Portfolio
Scotia Aria Moderate Defend Portfolio
Scotia Aria Moderate Pay Portfolio
Scotia Aria Progressive Build Portfolio
Scotia Aria Progressive Defend Portfolio
Scotia Aria Progressive Pay Portfolio
Scotia Canadian Balanced Fund
Scotia Canadian Bond Fund
Scotia Canadian Bond Index Fund
Scotia Canadian Bond Index Tracker ETF
Scotia Canadian Dividend Class
Scotia Canadian Dividend Fund
Scotia Canadian Equity Blend Class
Scotia Canadian Equity Fund
Scotia Canadian Equity Index Fund
Scotia Canadian Growth Fund
Scotia Canadian Income Fund
Scotia Canadian Large Cap Equity Index Tracker ETF
Scotia Canadian Small Cap Fund
Scotia CanAm Index Fund
Scotia Conservative Fixed Income Portfolio
Scotia Diversified Balanced Fund
Scotia Diversified Monthly Income Fund
Scotia Dividend Balanced Fund
Scotia Emerging Markets Equity Fund
Scotia European Equity Fund
Scotia Global Balanced Fund
Scotia Global Bond Fund
Scotia Global Dividend Class
Scotia Global Dividend Fund
Scotia Global Equity Fund
Scotia Global Growth Fund
Scotia Global Small Cap Fund
Scotia Income Advantage Fund
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Balanced Income Portfolio Class

Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Income Portfolio
Scotia INNOVA Balanced Income Portfolio
Scotia INNOVA Balanced Growth Portfolio
Scotia INNOVA Growth Portfolio
Scotia INNOVA Maximum Growth Portfolio
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Maximum Growth Portfolio Class
Scotia International Equity Blend Class
Scotia International Equity Fund
Scotia Private Diversified International Equity Pool
Scotia International Equity Index Fund
Scotia International Equity Index Tracker ETF
Scotia Low Carbon Canadian Fixed Income Fund
Scotia Low Carbon Global Balanced Fund
Scotia Low Carbon Global Equity Fund
Scotia Money Market Fund
Scotia Mortgage Income Fund
Scotia Private American Core-Plus Bond Pool
Scotia Nasdaq Index Fund
Scotia U.S. Equity Index Fund
Scotia Partners Balanced Growth Portfolio Class
Scotia Partners Balanced Income Portfolio Class
Scotia Partners Growth Portfolio Class
Scotia Partners Income Portfolio
Scotia Partners Balanced Income Portfolio
Scotia Partners Balanced Growth Portfolio
Scotia Partners Growth Portfolio
Scotia Partners Maximum Growth Portfolio
Scotia Partners Maximum Growth Portfolio Class
Scotia Premium T-Bill Fund
Scotia Private Canadian All Cap Equity Pool
Scotia Private Canadian Core Bond Pool
Scotia Private Canadian Corporate Bond Pool
Scotia Private Canadian Preferred Share Pool
Scotia Private Canadian Equity Pool
Scotia Private Canadian Growth Pool
Scotia Private Canadian Mid Cap Pool
Scotia Private Canadian Small Cap Pool
Scotia Private Canadian Value Pool
Scotia Private Emerging Markets Pool
Scotia Private Floating Rate Income Pool
Scotia Private Fundamental Canadian Equity Pool
Scotia Private Global Credit Pool
Scotia Private Global Equity Pool
Scotia Private Global High Yield Pool
Scotia Private Global Infrastructure Pool
Scotia Private Global Low Volatility Equity Pool
Scotia Private Global Real Estate Pool
Scotia Private High Yield Bond Pool
Scotia Private High Yield Income Pool
Scotia Private Income Pool
Scotia Private International Core Equity Pool
Scotia Private International Equity Pool
Scotia Private International Growth Equity Pool
Scotia Private International Small to Mid Cap Value Pool

Scotia Private North American Dividend Pool
Scotia Private Premium Payout Pool
Scotia Private Real Estate Income Pool
Scotia Private Short Term Bond Pool
Scotia Private Short-Mid Government Bond Pool
Scotia Private Strategic Balanced Pool
Scotia Private Total Return Bond Pool
Scotia Private U.S. Dividend Pool
Scotia Private U.S. Large Cap Growth Pool
Scotia Private U.S. Mid Cap Value Pool
Scotia Private U.S. Value Pool
Scotia Private World Infrastructure Pool
Scotia Resource Fund
Scotia Selected Balanced Growth Portfolio
Scotia Selected Balanced Income Portfolio
Scotia Selected Growth Portfolio
Scotia Selected Income Portfolio
Scotia Selected Maximum Growth Portfolio
Scotia Strategic Canadian Equity ETF Portfolio
Scotia Strategic Fixed Income ETF Portfolio
Scotia Strategic International Equity ETF Portfolio
Scotia Strategic U.S. Equity ETF Portfolio
Scotia T Bill Fund
Scotia U.S. \$ Balanced Fund
Scotia U.S. \$ Bond Fund
Scotia U.S. \$ Money Market Fund
Scotia U.S. Dividend Fund
Scotia U.S. Equity Blend Class
Scotia U.S. Equity Fund
Scotia U.S. Equity Index Tracker ETF
Scotia U.S. Opportunities Fund