

# ScotiaFunds®

## Simplified Prospectus

**January 18, 2019**

*Series I units of*

1832 AM Canadian Dividend LP  
1832 AM Canadian Growth LP  
1832 AM Canadian Preferred Share LP  
1832 AM Global Completion LP  
1832 AM North American Preferred Share LP  
1832 AM Tactical Asset Allocation LP  
Scotia Global Low Volatility Equity LP  
Scotia Total Return Bond LP  
Scotia U.S. Dividend Growers LP  
Scotia U.S. Low Volatility Equity LP

*No securities regulatory authority has expressed an opinion about these securities. It is an offence to claim otherwise.*

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## Introduction

In this document, unless the context requires otherwise:

**Fund** or **Funds** means a mutual fund that is offered for sale under this simplified prospectus;

**General Partner** refers to ScotiaFunds GP Inc.;

**Manager, we, us and our** refer to 1832 Asset Management L.P.;

**Scotiabank** includes The Bank of Nova Scotia and its affiliates, including The Bank of Nova Scotia Trust Company (Scotiabank), Scotia Securities Inc. and Scotia Capital Inc. (including ScotiaMcLeod<sup>®</sup> and Scotia iTRADE<sup>®</sup>, each a division of Scotia Capital Inc.);

**ScotiaFunds** refers to all of our mutual funds and the series thereof which are offered under separate simplified prospectuses under the ScotiaFunds<sup>®</sup> brand and includes the Funds offered under this simplified prospectus;

**Tax Act** means the *Income Tax Act* (Canada), as amended from time to time; and

**Underlying Fund** refers to an investment fund (either a ScotiaFund or other investment fund in which a Fund invests).

This simplified prospectus contains selected important information to help you make an informed investment decision about the Funds and to understand your rights as an investor. It is divided into two parts. The first part, from pages 2 to 36, contains specific information about each of the Funds offered for sale under this simplified prospectus. The second part, from pages 37 to 56, contains general information that applies to all of the Funds offered for sale under this simplified prospectus and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Funds.

Additional information about each Fund is available in its most recently filed annual information form, its most recently filed Fund Facts, its most recently filed annual financial statements and interim financial reports and its most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it.

You can get a copy of the Funds' most recently filed annual information form, Fund Facts, financial statements and management reports of fund performance at no charge by calling 1-800-268-9269 (or 416-750-3863 in Toronto) for English, or 1-800-387-5004 for French, or by asking your registered investment professional. You will also find these documents on our website at [www.scotiafunds.com](http://www.scotiafunds.com).

These documents and other information about the Funds are also available at [www.sedar.com](http://www.sedar.com).

## **Fund specific information**

The Funds offered under this simplified prospectus are part of the ScotiaFunds family of mutual funds. ScotiaFunds offer a number of series of units. The Funds offered under this simplified prospectus offer only Series I units, which are available only to ScotiaFunds.

You will find more information about the Series I units under *About the Series I units*.

## **About the Fund descriptions**

On the following pages, you will find detailed descriptions of each of the Funds to help you make your investment decisions. Here is what each section of the Fund descriptions tells you:

### **Fund details**

This section gives you some basic information about each Fund, such as its start date and its eligibility for registered plans, including trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (collectively, “**Registered Plans**”).

None of the Funds offered under this simplified prospectus are, or are expected to be, qualified investments under the Tax Act for Registered Plans.

### **What do the Funds invest in?**

This section tells you the fundamental investment objectives of each Fund and the strategies each Fund uses in trying to achieve those objectives. Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

### **About derivatives**

Derivatives are investments that derive their value from the price of another investment or from anticipated movements in interest rates, currency exchange rates or market indexes. Derivatives are usually contracts with another party to buy or sell an asset at a later time and at a set price. Examples of derivatives are options, forward contracts, futures contracts and swaps.

- **Options** generally give holders the right, but not the obligation, to buy or sell an asset, such as a security or currency, at a set price and a set time. Option holders normally pay the other party a cash payment, called a premium, for agreeing to give them the option.
- **Forward contracts** are agreements to buy or sell an asset, such as a security or currency, at a set price and a set time. The parties have to complete the deal, or sometimes make or receive a cash payment, even if the price has changed by the time the deal closes. Forward contracts are generally not traded on organized exchanges and are not subject to standardized terms and conditions.
- **Futures contracts**, like forward contracts, are agreements to buy or sell an asset, such as a security or currency, at a set price and a set time. The parties have to complete the deal, or sometimes make or receive a cash payment, even if the price has changed by the time the deal closes. Futures contracts are normally traded on a registered futures exchange. The exchange usually specifies certain standardized terms and conditions.

- *Swaps* are agreements between two or more parties to exchange principal amounts or payments based on returns on different investments. Swaps are not traded on organized exchanges and are not subject to standardized terms and conditions.

A Fund can use derivatives as long as it uses them in a way that is consistent with the Fund’s investment objectives and with Canadian securities regulations. The Funds may use derivatives to hedge their investments against losses from changes in currency exchange rates, interest rates and stock market prices. Some of the Funds may also use derivatives to gain exposure to financial markets or to invest indirectly in securities or other assets. This can be less expensive than buying securities or assets directly. If permitted by applicable securities legislation, the Funds may enter into over-the-counter bilateral derivatives transactions with counterparties that are related to the Manager.

When a Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities regulations.

### **Investing in Underlying Funds**

Some of the Funds may, from time to time, invest some or all of their assets in Underlying Funds that are managed by us or one of our affiliates or associates, including other ScotiaFunds, or by third party investment managers. When deciding to invest in other Underlying Funds, the portfolio advisor may consider a variety of criteria, including management style, investment performance and consistency, risk attributes and the quality of the Underlying Fund’s manager or portfolio advisor.

### **Exchange-traded funds**

Some of the Funds may invest in securities of exchange-traded funds (“ETFs”). Under securities legislation, a mutual fund is permitted to invest in securities of an ETF only if:

- the underlying ETF is either (i) an “index participation unit” or (ii) an ETF that is a reporting issuer in Canada, and that is subject to National Instrument 81-102 *Investment Funds* (“NI 81-102”);
- no management fees or incentive fees are payable by the mutual fund that, to a reasonable person, would duplicate a fee payable by the ETF for the same service;
- no sales fees or redemption fees, other than brokerage fees, are payable by the mutual fund in relation to its purchases or redemptions of the securities of the ETF if the ETF is managed by the manager or an affiliate or associate of the manager of the mutual fund; and
- no sales fees or redemption fees, other than brokerage fees, are payable by the mutual fund in relation to its purchases or redemptions of the securities of the ETF that, to a reasonable person, would duplicate a fee payable by an investor in the mutual fund.

The proportions and types of ETFs held by a Fund will vary according to the risk and investment objectives of the Fund. Please refer to *Investing in Underlying Funds* above for more information.

The Funds have obtained exemptive relief from the Canadian securities regulatory authorities to invest in certain ETFs created and managed by BlackRock Asset Management Canada Limited provided: (i) the Funds do not short sell securities of the ETF; (ii) the ETF is not a commodity pool; and (iii) the ETF is not relying on relief regarding the purchase of physical commodities, the purchase, sale or use of specified derivatives or with respect to the use of leverage.

## **Gold Exchange-traded funds**

Each Fund has received the approval of the Canadian securities regulatory authorities to invest in exchange-traded funds that are traded on a stock exchange in Canada or the United States and that hold or seek to replicate the performance of gold, permitted gold certificates or specified derivatives, of which the underlying interest is gold or permitted gold certificates, on an unlevered basis (“**Gold ETFs**”), provided such investment is in accordance with the fundamental investment objectives and investment strategies of the Fund and the Fund’s aggregate market value exposure to gold (whether direct or indirect, including through Gold ETFs) does not exceed 10% of the net asset value of the Fund, taken at market value at the time of the transaction.

## **Funds that engage in repurchase and reverse repurchase transactions**

Some of the Funds may enter into repurchase or reverse repurchase agreements to generate additional income from securities held in a Fund’s investment portfolio. When a mutual fund agrees to sell a security at one price and buy it back on a specified later date (usually at a lower price), it is entering into a repurchase transaction. When a mutual fund agrees to buy a security at one price and sell it back on a specified later date (usually at a higher price), it is entering into a reverse repurchase transaction. For a description of the strategies the Funds use to minimize the risks associated with these transactions, see the discussion under *Repurchase and reverse repurchase transaction risk*.

## **Funds that lend their securities**

Some of the Funds may enter into securities lending transactions to generate additional income from securities held in a Fund’s investment portfolio. A mutual fund may lend securities held in its portfolio to qualified borrowers who provide adequate collateral. For a description of the strategies the Funds use to minimize the risks associated with these transactions, see the discussion under *Securities lending risk*.

## **Funds that engage in short selling**

Mutual funds may engage in a limited amount of short selling as permitted under securities regulations. A “short sale” is where a mutual fund borrows securities from a lender which are then sold in the open market (or “sold short”). At a later date, the same number of securities are repurchased by the mutual fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the mutual fund pays interest to the lender. If the value of the securities declines between the time that the mutual fund borrows the securities and the time it repurchases and returns the securities, the mutual fund makes a profit for the difference (less any interest the mutual fund is required to pay to the lender). In this way, the mutual fund has more opportunities for gains when markets are generally volatile or declining.

Short selling will be used by a Fund only as a complement to the Fund’s current primary discipline of buying securities or commodities with the expectation that they will appreciate in market value. See *What does the Fund invest in? - Investment strategies* in each Fund’s profile.

## **What are the risks of investing in the Fund?**

This section tells you the risks of investing in the Fund. You will find a description of each risk in *Specific risks of mutual funds*.

## **Investment risk classification methodology**

As required by applicable securities legislation, we determine the investment risk level of each Fund in accordance with a standardized risk classification methodology that is based on the Fund's historical volatility as measured by the 10-year standard deviation of the returns of the Fund. Standard deviation is a statistical tool used to measure the historical variability of a Fund's returns relative to the Fund's average return. The higher the standard deviation of a Fund, the greater the range of returns it has experienced in the past. A Fund with a higher standard deviation will be classified as more risky.

Where a Fund has offered securities to the public for less than 10 years, the standardized methodology requires the use of the standard deviation of a reference mutual fund or index that reasonably approximates or, for a newly established Fund, is reasonably expected to approximate, the standard deviation of the Fund. Where applicable, the reference mutual fund or index used to determine the risk rating of a Fund is described in specific disclosure for the Fund, under the heading *Who Should Invest in this Fund?*.

Using this methodology, each Fund will have a risk rating in one of the following categories: low, low to medium, medium, medium to high and high.

We will review the investment risk rating of each Fund at least annually as well as if there is a material change in a Fund's investment objectives or investment strategies.

Historical performance may not be indicative of future returns and a Fund's historical volatility may not be indicative of its future volatility. There may be times when we believe the standardized methodology produces a result that does not reflect the Fund's risk based on other qualitative factors. As a result, we may assign a higher risk rating to the Fund if we determine it is reasonable to do so in the circumstances.

The methodology that the Manager uses to identify the investment risk level of a Fund is available on request at no cost by contacting us toll free at 1-800-268-9269 (416-750-3863 in Toronto) for English or 1-800-387-5004 for French or by email at [fundinfo@scotiabank.com](mailto:fundinfo@scotiabank.com) or by writing to us at the address on the back cover of this simplified prospectus.

## **Who should invest in this Fund?**

This section can help you decide if the Fund might be suitable for your investment portfolio. It is meant as a general guide only. For advice about your investment portfolio, you should consult your registered investment professional. If you do not have a registered investment professional, you can speak with one of our representatives at any Scotiabank branch or by calling a Scotia Securities Inc. office.

## **Distribution policy**

This section tells you when the Fund pays distributions. For information about how your distributions are taxed see *Income tax considerations for investors*.

## **Fund expenses indirectly borne by investors**

This is an example of how much the Fund might pay in expenses. It is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. Each Fund pays its own expenses, but they affect you because they reduce the Fund's returns.

The table shows how much the Fund would pay in expenses on a \$1,000 investment with a 5% annual return. The information in the tables assumes that the Fund's management expense ratio was the same throughout each period shown as it was during its last completed financial year. You will find more information about fees and expenses in *Fees and expenses*.



## 1832 AM Canadian Dividend LP

### Fund details

<b>Fund type</b>	Canadian equity fund
<b>Start date</b>	Series I units: April 6, 2015
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Asset Management L.P. Toronto, Ontario

### What does the Fund invest in?

#### Investment objectives

The Fund seeks to provide income and long-term capital growth by investing primarily in equity securities of Canadian businesses that pay a dividend or distribution.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

#### Investment strategies

To achieve its objective, the Fund invests primarily in Canadian dividend paying equity securities and, to a lesser extent, in other securities including fixed income securities the portfolio advisor considers desirable for dividend income, growth or capital preservation.

Investment analysis for this Fund follows a bottom-up approach, which emphasizes careful company specific analysis. Techniques such as fundamental analysis are used to assess growth and value potential. This means evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the portfolio advisor may:

- analyze financial data and other information sources
- assess the quality of the management team
- conduct company interviews, where possible

The portfolio advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the fund's investments and from exposure to foreign currencies. The Fund will only use derivatives as permitted by securities regulations.

The Fund can invest up to 49% of its total assets in foreign securities.

The Fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest this Fund's assets in cash and cash equivalent securities.

The Fund may also engage in short selling as permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the Fund may engage in short selling, please refer to *Short selling risk*.

The Fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities. The portfolio advisor selects the quality and term of each investment according to market conditions.

The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lower the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Commodity risk
- Credit risk
- Currency risk
- Derivatives risk
- Equity risk
- Foreign investment risk
- Interest rate risk
- Issuer-specific risk
- Limited partner liability risk
- Liquidity risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Short selling risk
- Significant unitholder risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Balanced Growth Portfolio, Scotia INNOVA Growth Portfolio and Scotia INNOVA Balanced Income Portfolio held approximately 28.6%, 23.0% and 11.8%, respectively, of the outstanding units of the Fund.

### **Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a medium tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund's risk classification is based on the Fund's returns and the return of the following reference index:

Reference Index	Description
S&P/TSX Composite Index	This index comprises approximately 95% of the market capitalization for Canadian-based, Toronto Stock Exchange listed companies.

This fund may be suitable for you if:

- want income and long term capital growth
- are investing for the long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund's risk level.

### **Distribution policy**

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

### **Fund expenses indirectly borne by investors**

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.

<b>Fees and expenses payable over</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Series I units	\$ 0.51	1.62	2.83	6.45

For more information see *Fees and expenses*.

## 1832 AM Canadian Growth LP

### Fund details

<b>Fund type</b>	Canadian equity fund
<b>Start date</b>	Series I units: April 6, 2015
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Asset Management L.P. Toronto, Ontario

### What does the Fund invest in?

#### Investment objectives

The Fund's objective is to provide long-term capital growth. It invests primarily in a broad range of Canadian equity securities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of the voting unitholders called for that purpose.

#### Investment strategies

To achieve the Fund's investment objective, the portfolio advisor utilizes an approach that seeks to identify companies demonstrating better than average current or prospective earnings growth. When deciding to buy or sell an investment for the Fund, the portfolio advisor also considers whether it is a good value relative to its current price.

The portfolio advisor may use techniques such as fundamental analysis to assess growth potential. This means evaluating the financial condition and management of a company, its industry and the overall economy. As part of this evaluation, the portfolio advisor may:

- analyze financial data and other information sources
- assess the quality of management
- conduct company interviews, where possible

The portfolio advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies. The Fund will only use derivatives as permitted by securities regulations.

The Fund may invest up to 49% of its total assets in foreign securities.

The Fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest the Fund's assets in cash and cash equivalent securities.

The Fund may also engage in short selling as permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the Fund may engage in short selling, please refer to *Short selling risk*.

The Fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities. The portfolio advisor selects the quality and term of each investment according to market conditions.

The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lower the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Commodity risk
- Credit risk
- Currency risk
- Derivatives risk
- Equity risk
- Foreign investment risk
- Income trust risk
- Interest rate risk
- Issuer-specific risk
- Limited partner liability risk
- Liquidity risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Short selling risk
- Significant unitholder risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Growth Portfolio, Scotia INNOVA Balanced Growth Portfolio and Scotia INNOVA Maximum Growth Portfolio held approximately 38.6%, 31.7% and 13.6%, respectively, of the outstanding units of the Fund.

### **Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a medium tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund's risk classification is based on the Fund's returns and the return of the following reference index:

Reference Index	Description
S&P/TSX Composite Index	This index comprises approximately 95% of the market capitalization for Canadian-based, Toronto Stock Exchange listed companies.

This fund may be suitable for you if:

- want long term capital growth
- are investing for the long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund's risk level.

### Distribution policy

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

### Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.

<b>Fees and expenses payable over</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Series I units	\$ 0.51	1.62	2.83	6.45

For more information see *Fees and expenses*.

## 1832 AM Canadian Preferred Share LP

### Fund details

<b>Fund type</b>	Fixed income fund
<b>Start date</b>	Series I units: January 27, 2014
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Asset Management L.P. Toronto, Ontario

### What does the Fund invest in?

#### Investment objectives

The Fund's objective is to provide income and the potential for modest long term capital growth. It invests primarily in a diversified portfolio of preferred shares of Canadian corporations.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of the voting unitholders called for that purpose.

#### Investment strategies

To achieve its mandate, the Fund invests primarily in preferred shares of companies located across Canada. The Fund may also invest in dividend paying common shares and other distribution paying equity, fixed income and interest carrying securities, including exchange-traded funds and closed-end funds.

The portfolio advisor follows a top down and bottom up investment process, focusing on the risk return relationship of individual securities within a diversified portfolio. The process includes a macroeconomic forecast for the respective global and local economies, establishing investment themes and industries to overweight or underweight based on the portfolio advisor's outlook for a particular sector, view of current market trends and phase of the economic cycle. Fundamental credit research is used to select securities believed to offer attractive risk-adjusted returns based on the portfolio advisor's view of a company's growth prospects and ability to improve its credit metrics.

The portfolio advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies. It will only use derivatives as permitted by securities regulations.

The Fund can invest up to 49% of its assets in foreign securities.

The Fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest the Fund's assets in cash and cash equivalent securities.

The Fund may also engage in short selling as permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the Fund may engage in short selling, please refer to *Short selling risk*.

The Fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities. The portfolio advisor selects the quality and term of each investment according to market conditions.

The Fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in underlying funds*.

The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lowers the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Asset-backed and mortgage-backed securities risk
- Credit risk
- Currency risk
- Derivatives risk
- Equity risk
- Foreign investment risk
- Fund-of-funds risk
- Income trust risk
- Interest rate risk
- Issuer-specific risk
- Limited partner liability risk
- Liquidity risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Short selling risk
- Significant unitholder risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Balanced Income Portfolio Class and Scotia INNOVA Balanced Growth Portfolio Class held approximately 56.2% and 31.5%, respectively, of the outstanding units of the Fund.



**Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a medium tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund's risk classification is based on the Fund's returns and the return of the following reference index:

Reference Index	Description
S&P/TSX Preferred Share Index	This index is comprised of preferred stocks trading on the Toronto Stock Exchange that meet criteria relating to minimum size, liquidity, issuer rating and exchange listing.

This fund may be suitable for you if:

- want modest long term capital growth
- are investing for the long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund's risk level.

**Distribution policy**

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

**Fund expenses indirectly borne by investors**

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.

<b>Fees and expenses payable over</b>		<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Series I units	\$	0.82	2.59	4.53	10.31

For more information see *Fees and expenses*.

## 1832 AM Global Completion LP

### Fund details

<b>Fund type</b>	Specialty fund
<b>Start date</b>	Series I units: January 27, 2014
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Asset Management L.P. Toronto, Ontario

### What does the Fund invest in?

#### Investment objectives

The Fund's investment objective is to achieve long-term capital growth. It invests primarily in a mixed portfolio of equity and/or fixed income exchange-traded funds (“**ETFs**”) but may also invest directly in fixed income securities, equity securities, commodities and cash or cash equivalents.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of the voting unitholders called for that purpose.

#### Investment strategies

In seeking to meet the investment objective, the portfolio advisor actively manages the Fund's allocation between equity and fixed income securities and is not limited to how much is invested in any asset class, country, or sector. This will vary according to market conditions.

The Fund invests primarily in ETFs, in, or with a focus on, global equity and fixed income securities and money market instruments. The ETFs that the Fund will hold will be listed primarily in Canada and/or the United States.

The Fund uses a strategic asset allocation approach. It invests in multiple asset classes, which may include equities, fixed income securities, commodities and money market instruments of companies and other issuers anywhere in the world by investing primarily in a combination of mutual funds and/or ETFs.

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

The Fund may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies. The Fund will only use derivatives as permitted by securities regulations.

The Fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest the Fund's assets in cash and cash equivalent securities.

The Fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in underlying funds*.

The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lowers the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Asset-backed and mortgage-backed securities risk
- Commodity risk
- Credit risk
- Currency risk
- Derivatives risk
- Emerging markets risk
- Equity risk
- Foreign investment risk
- Fund-of-funds risk
- Income trust risk
- Index risk
- Interest rate risk
- Issuer-specific risk
- Limited partner liability risk
- Liquidity risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Significant unitholder risk
- Small company risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Balanced Growth Portfolio, Scotia INNOVA Growth Portfolio and Scotia INNOVA Balanced Income Portfolio held approximately 28.0%, 20.3% and 13.1%, respectively, of the outstanding units of the Fund.

### **Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a medium to high tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund's risk classification is based on the Fund's returns and the return of the following reference index:

Reference Index	Description
MSCI All Country World Index (C\$)	This index captures large and mid representation across developed markets and emerging markets.

This fund may be suitable for you if:

- want long-term capital growth
- are investing for the long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund's risk level.

### Distribution policy

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

### Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over		1 year	3 years	5 years	10 years
Series I units	\$	5.13	16.16	28.32	64.46

For more information see *Fees and expenses*.

## 1832 AM North American Preferred Share LP

### Fund details

<b>Fund type</b>	Fixed income fund
<b>Start date</b>	Series I units: January 27, 2014
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Asset Management L.P. Toronto, Ontario

### What does the Fund invest in?

#### Investment objectives

The Fund's objective is to provide income and the potential for modest long term capital growth. It invests primarily in a diversified portfolio of preferred shares of North American corporations.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

#### Investment strategies

To achieve its mandate, the Fund invests primarily in preferred shares of companies located across North America. The Fund may also invest in dividend paying common shares and other distribution paying equity, fixed income and interest carrying securities, including exchange-traded funds and closed end funds.

The portfolio advisor follows a top down and bottom up investment process, focusing on the risk return relationship of individual securities within a diversified portfolio. The process includes a macroeconomic forecast for the respective global and local economies, establishing investment themes and industries to overweight or underweight based on the portfolio advisor's outlook for a particular sector, view of current market trends and phase of the economic cycle. Fundamental credit research is then used to select securities believed to offer attractive risk-adjusted returns based on the portfolio advisor's view of a company's growth prospects and ability to improve its credit metrics.

The portfolio advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies. It will only use derivatives as permitted by securities regulations.

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

The Fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest the Fund's assets in cash and cash equivalent securities.

The Fund may also engage in short selling as permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the Fund may engage in short selling, please refer to *Short selling risk*.

The Fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities. The portfolio advisor selects the quality and term of each investment according to market conditions.

The Fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in underlying funds*.

The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lowers the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Asset-backed and mortgage-backed securities risk
- Credit risk
- Currency risk
- Derivatives risk
- Equity risk
- Foreign investment risk
- Fund-of-funds risk
- Income trust risk
- Interest rate risk
- Issuer-specific risk
- Limited partner liability risk
- Liquidity risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Short selling risk
- Significant unitholder risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Balanced Growth Portfolio, Scotia INNOVA Growth Portfolio and Scotia INNOVA Balanced Income Portfolio held approximately 30.5%, 20.6% and 17.2%, respectively, of the outstanding units of the Fund.

**Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a medium tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund's risk classification is based on the Fund's returns and the return of the following reference index:

Reference Index	Description
S&P/TSX Preferred Share Index	This index is comprised of preferred stocks trading on the Toronto Stock Exchange that meet criteria relating to minimum size, liquidity, issuer rating and exchange listing.

This fund may be suitable for you if:

- want modest long term capital growth
- are investing for the long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund's risk level.

**Distribution policy**

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

**Fund expenses indirectly borne by investors**

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.

<b>Fees and expenses payable over</b>		<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Series I units	\$	0.82	2.59	4.53	10.31

For more information see *Fees and expenses*.

## 1832 AM Tactical Asset Allocation LP

### Fund details

<b>Fund type</b>	Balanced/asset allocation fund
<b>Start date</b>	Series I units: April 6, 2015
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Asset Management L.P. Toronto, Ontario

### What does the Fund invest in?

#### Investment objectives

The Fund's investment objective is to provide total return over the long term by having exposure to and/or investing directly in fixed income and equity securities. The Fund will invest primarily in a mix of fixed income and/or equity exchange-traded funds (“ETFs”) listed primarily in North America. The Fund may also invest directly in mutual funds, individual fixed income or equity securities, and cash or cash equivalents.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of the voting unitholders called for that purpose.

#### Investment strategies

In seeking to meet the investment objective, the Fund's asset mix will be flexible, ranging from 0%-100% in fixed income securities and 0-100% in equity securities. The portfolio advisor employs a flexible and opportunistic investment approach and manages the asset allocation between equity and fixed income securities based on its analysis of market conditions.

The ETFs that the Fund will hold will be listed primarily in Canada and/or the United States. The Fund may invest an amount equal to substantially all of its net asset value in one or more ETFs (or other mutual funds). The portfolio advisor may, from time to time and in its sole discretion, change the amounts invested in each ETF (or other mutual funds).

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

The portfolio advisor and the underlying ETF or other underlying mutual fund managers may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the portfolio's investments and from exposure to foreign currencies. The Fund will only use derivatives as permitted by securities regulations.

The Fund may also enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest the Fund's assets in cash and cash equivalent securities.



The Fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in underlying funds*.

The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lowers the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Asset-backed and mortgage-backed securities risk
- Commodity risk
- Credit risk
- Currency risk
- Derivatives risk
- Emerging markets risk
- Equity risk
- Foreign investment risk
- Fund-of-funds risk
- Income trust risk
- Index risk
- Interest rate risk
- Issuer-specific risk
- Limited partner liability risk
- Liquidity risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Significant unitholder risk
- Small company risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Balanced Income Portfolio Class, Scotia INNOVA Balanced Growth Portfolio Class and Scotia INNOVA Growth Portfolio Class held approximately 43.0%, 38.2% and 12.0%, respectively, of the outstanding units of the Fund.

### **Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a medium tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund's risk classification is based on the Fund's returns and the return of a blended reference index consisting of the following reference indices:

Reference Index	% Weighting of Reference Index	Description
S&P500 Index (C\$)	50	This index is designed to measure the performance of the broad U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries.
FTSE Canada Universe Bond Index	50	This index is designed to be a broad measure of the Canadian investment-grade fixed income market including Government of Canada bonds, provincial bonds, municipal bonds and corporate obligations.

This fund may be suitable for you if:

- want total return over the long term
- are investing for the long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund's risk level.

### Distribution policy

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

### Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over		1 year	3 years	5 years	10 years
Series I units	\$	1.54	4.85	8.50	19.34

For more information see *Fees and expenses*.

## Scotia Global Low Volatility Equity LP

### Fund details

<b>Fund type</b>	Global equity fund
<b>Start date</b>	Series I units: January 27, 2014
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Asset Management L.P. Toronto, Ontario
<b>Portfolio sub-advisor</b>	State Street Global Advisors, Ltd. Montreal, Quebec

### What does the Fund invest in?

#### Investment objectives

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

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

#### Investment strategies

To achieve its mandate, the Fund is managed using 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 sub-advisor:

- 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 portfolio sub-advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies. It will only use derivatives as permitted by securities regulations.

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

The Fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

The Fund may also engage in short selling as permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio sub-advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis

produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the Fund may engage in short selling, please refer to *Short selling risk*.

The Fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities. The portfolio sub-advisor selects the quality and term of each investment according to market conditions.

The Fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in underlying funds*.

The portfolio sub-advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lowers the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Credit risk
- Currency risk
- Derivatives risk
- Emerging markets risk
- Equity risk
- Foreign investment risk
- Fund-of-funds risk
- Income trust risk
- Limited partner liability risk
- Liquidity risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Short selling risk
- Significant unitholder risk
- Small company risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Balanced Growth Portfolio, Scotia INNOVA Growth Portfolio and Scotia INNOVA Balanced Income Portfolio held approximately 22.9%, 18.8% and 12.8%, respectively, of the outstanding units of the Fund.

**Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a medium to high tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund’s risk classification is based on the Fund’s returns and the return of the following reference index:

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

This fund may be suitable for you if:

- want long term growth
- are investing for the long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund’s risk level.

**Distribution policy**

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

**Fund expenses indirectly borne by investors**

This example shows the Fund’s expenses on a \$1,000 investment with a 5% annual return.

<b>Fees and expenses payable over</b>		<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Series I units	\$	1.23	3.88	6.80	15.47

For more information see *Fees and expenses*.

## Scotia Total Return Bond LP

### Fund details

<b>Fund type</b>	Fixed income fund
<b>Start date</b>	Series I units: January 27, 2014
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Asset Management L.P. Toronto, Ontario

### What does the Fund invest in?

#### Investment objectives

The Fund's objective is to provide income and capital gains from an actively managed diversified portfolio of primarily Canadian fixed income securities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of the voting unitholders called for that purpose.

#### Investment strategies

To achieve its mandate, the Fund invests in a diversified portfolio of fixed income securities, with the active management of interest rate and credit risk. The Fund will invest primarily in investment grade corporate bonds, but may also invest in other forms of debt and fixed income securities and debt-like instruments, including but not limited to:

- Federal, provincial and municipal government bonds;
- Real return and inflation protected bonds;
- Unrated securities;
- Other securities with a high level of current income such as income trusts, real estate investment trusts, convertible bonds and hybrid securities; and
- Private placements, loans and guaranteed mortgages.

The portfolio advisor will use a combination of investment strategies emphasizing fundamental and technical analytical techniques that have generally been developed by the portfolio advisor. Returns will be generated from both interest income and capital gains. Strategies to mitigate risk include active security selection, sector diversification, yield curve and duration management and portfolio diversification around interest rate volatility. Fixed income securities are actively traded in response to movements in the level of bond yields, the shape of the yield curve, the level of real yields and the level of credit spreads. Each trade is performed with consideration to the security's risk/reward profile.

The portfolio advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies. It will only use derivatives as permitted by securities regulations.

The Fund can invest up to 49% of its assets in foreign securities.

The Fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest the Fund's assets in cash and cash equivalent securities.

The Fund may also engage in short selling as permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *Short selling risk*.

The Fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities. The portfolio advisor selects the quality and term of each investment according to market conditions.

The Fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in underlying funds*.

The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lowers the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Asset-backed and mortgage-backed securities risk
- Credit risk
- Currency risk
- Derivatives risk
- Foreign investment risk
- Fund-of-funds risk
- Interest rate risk
- Issuer-specific risk
- Limited partner liability risk
- Liquidity risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Short selling risk
- Significant unitholder risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Balanced Income Portfolio, Scotia INNOVA Income Portfolio and Scotia INNOVA Balanced Growth Portfolio held approximately 24.6%, 19.0% and 17.5%, respectively, of the outstanding units of the Fund.

**Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a low to medium tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund’s risk classification is based on the Fund’s returns and the return of the following reference index:

Reference Index	Description
FTSE Canada Universe Bond Index	This index is designed to be a broad measure of the Canadian investment-grade fixed income market including Government of Canada bonds, provincial bonds, municipal bonds and corporate obligations.

This fund may be suitable for you if:

- want modest long term capital growth
- are investing for the medium to long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund’s risk level.

**Distribution policy**

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

**Fund expenses indirectly borne by investors**

This example shows the Fund’s expenses on a \$1,000 investment with a 5% annual return.

<b>Fees and expenses payable over</b>		<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Series I units	\$	0.41	1.29	2.27	5.16

For more information see *Fees and expenses*.



## Scotia U.S. Dividend Growers LP

### Fund details

<b>Fund type</b>	U.S. equity fund
<b>Start date</b>	Series I units: May 26, 2014
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Asset Management L.P. Toronto, Ontario
<b>Portfolio sub-advisor</b>	Bristol Gate Capital Partners Inc. Toronto, Ontario

### What does the Fund invest in?

#### Investment objectives

The Fund's investment objective is to maximize total investment return by investing primarily in equity securities of U.S. companies listed on U.S. exchanges that have exhibited strong dividend growth and have the potential for long term capital growth.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of the voting unitholders called for that purpose.

#### Investment strategies

The portfolio sub-advisor aims to achieve the investment objective by focusing on investments in listed equity securities within the S&P 500 Index that regularly pay dividends and have the potential for capital growth over the long term.

The portfolio sub-advisor uses a proprietary investment process to select those dividend paying stocks that in its view are expected to have high dividend growth rates. Key indicators used in the investment process include:

- past dividend growth rates;
- growth of cash flow from operations;
- volatility of cash flow from operations;
- efficient use of capital;
- sustainability of cash flows; and
- industry competitive analysis.

The portfolio sub-advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies. The Fund will only use derivatives as permitted by securities regulations.

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

This Fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

In the event of adverse market, economic and/or political conditions, the portfolio sub-advisor may invest the Fund's assets in cash and cash equivalent securities.

The Fund may also engage in short selling as permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio sub-advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the Fund may engage in short selling, please refer to *Short selling risk*.

The Fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities. The portfolio sub-advisor selects the quality and term of each investment according to market conditions.

The portfolio sub-advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lowers the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Currency risk
- Derivatives risk
- Equity risk
- Foreign Investment risk
- Limited partner liability risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Short selling risk
- Significant unitholder risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Growth Portfolio, Scotia INNOVA Balanced Growth Portfolio and Scotia INNOVA Maximum Growth Portfolio held approximately 25.9%, 25.0% and 11.5%, respectively, of the outstanding units of the Fund.

### **Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a medium to high tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund's risk classification is based on the Fund's returns and the return of the following reference index:

Reference Index	Description
S&P 500 Index (C\$)	This index is designed to measure the performance of the broad U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries.

This fund may be suitable for you if:

- want long term capital growth
- are investing for the long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund's risk level.

**Distribution policy**

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

**Fund expenses indirectly borne by investors**

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.

<b>Fees and expenses payable over</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Series I units	\$ 0.82	2.59	4.53	10.31

For more information see *Fees and expenses*.

## Scotia U.S. Low Volatility Equity LP

### Fund details

<b>Fund type</b>	U.S. equity fund
<b>Start date</b>	Series I units: January 27, 2014
<b>Type of securities</b>	Series I units of a limited partnership
<b>Eligible for Registered Plans?</b>	No
<b>Portfolio advisor</b>	1832 Global Asset Management L.P. Toronto, Ontario
<b>Portfolio sub-advisor</b>	LSV Asset Management Chicago, Illinois

### What does the Fund invest in?

#### Investment objectives

The Fund's investment objective is to generate long term capital growth. It may invest directly in, or provide exposure to, investments including, but not limited to, exchange-traded funds (“ETFs”) reflecting the primary sectors of the S&P 500, as well as cash and cash equivalents.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of the voting unitholders called for that purpose.

#### Investment strategies

In seeking to meet the investment objectives, the portfolio sub-advisor seeks to provide risk controls in down markets and enhanced alpha in up markets. The Fund will invest primarily in investments reflecting the primary sectors of the S&P 500, as well as cash and cash equivalents. Typically the Fund is not expected to invest in fixed income securities other than short-term instruments (cash equivalents), however the portfolio sub-advisor may obtain exposure to bonds from time to time, should market conditions warrant such an allocation. The Fund may be invested in ETFs and/or securities representing the primary sectors of the S&P 500, which include: consumer discretionary, consumer staples, energy, financials, health care, industrials, materials, technology and utilities.

To obtain the Fund's equity and fixed income exposure, the portfolio sub-advisor may invest up to 100% of the Fund's assets in securities of other mutual funds which are managed by us, one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in underlying funds*.

The portfolio sub-advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly and/or to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies. The Fund will only use derivatives as permitted by securities regulations.

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

The Fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Repurchase and reverse repurchase transaction risk* and *Securities lending risk*.

In the event of adverse market, economic and/or political conditions, the portfolio sub-advisor may invest the Fund's assets in cash and cash equivalent securities.

The Fund may also engage in short selling as permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio sub-advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the Fund may engage in short selling, please refer to *Short selling risk*.

The portfolio sub-advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lowers the Fund's returns.

### **What are the risks of investing in the Fund?**

The main risks of investing in the Fund include the following:

- Currency risk
- Derivatives risk
- Equity risk
- Foreign investment risk
- Fund-of-funds risk
- Index Risk
- Limited partner liability risk
- Liquidity risk
- Repurchase and reverse repurchase transaction risk
- Securities lending risk
- Short selling risk
- Significant unitholder risk
- Underlying ETFs risk
- U.S. withholding tax risk

You will find details about each risk under *What are the risks?*

As at December 27, 2018, Scotia INNOVA Balanced Growth Portfolio, Scotia INNOVA Growth Portfolio and Scotia INNOVA Balanced Income Portfolio held approximately 26.9%, 20.0% and 12.6%, respectively, of the outstanding units of the Fund.

### **Who should invest in this Fund?**

As currently required by Canadian securities legislation, we make the very general statement that this Fund may be suitable for investors with a medium to high tolerance for risk. As the Fund has offered securities to the public for less than 10 years, the Fund's risk classification is based on the Fund's returns and the return of the following reference index:

Reference Index	Description
S&P 500 Index (C\$)	This index is designed to measure the performance of the broad U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries.

This fund may be suitable for you if:

- want long term capital growth
- are investing for the long term

Please see *Investment risk classification methodology* for a description of how we determined the classification of the Fund’s risk level.

**Distribution policy**

The Fund will make distributions at such times and in such amounts as may be determined in the discretion of the Manager. Distributions are reinvested in additional units of the Fund, unless you tell your registered investment professional that you want to receive cash distributions.

**Fund expenses indirectly borne by investors**

This example shows the Fund’s expenses on a \$1,000 investment with a 5% annual return.

<b>Fees and expenses payable over</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Series I units	\$ 0.82	2.59	4.53	10.31

For more information see *Fees and expenses*.

## **What is a mutual fund and what are the risks of investing in a mutual fund?**

For many Canadians, mutual funds represent a simple and affordable way to meet their financial goals. But what exactly is a mutual fund, why invest in them, and what are the risks?

### **What is a mutual fund?**

A mutual fund is an investment that pools your money with the money of many other people. Professional portfolio advisors use that money to buy securities that they believe will help achieve the mutual fund's investment objectives. These securities could include stocks, bonds, money market instruments, or a combination of these.

When you invest in a mutual fund limited partnership, you receive units of the limited partnership. Each unit represents a proportionate share of all of the mutual fund's assets. All of the investors in a mutual fund share in the mutual fund's income, gains and losses. Investors also pay their share of the mutual fund's expenses.

### **Why invest in mutual funds?**

Mutual funds offer investors three key benefits: professional money management, diversification and accessibility.

- Professional money management. Professional portfolio advisors have the expertise to make the investment decisions. They also have access to up-to-the-minute information on trends in the financial markets, and in-depth data and research on potential investments.
- Diversification. Because your money is pooled with that of other investors, a mutual fund offers diversification into many securities that may not have otherwise been available to individual investors.
- Accessibility. Mutual funds have low investment minimums, making them accessible to nearly everyone.

### **No guarantees**

While mutual funds have many benefits, it is important to remember that an investment in a mutual fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates, mutual fund limited partnership units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer, and your investment in the Funds is not guaranteed by Scotiabank.

Under exceptional circumstances, a mutual fund may suspend your right to sell your units. See *Suspending your right to buy, switch and sell units* for details.

### **What are the risks?**

While everyone wants to make money when they invest, you could lose money, too. This is known as risk. Like other investments, mutual funds involve some level of risk. The value of a Fund's securities can change from day to day for many reasons, including changes in the economy, interest rates, and market and company news. That means the value of mutual fund units can vary. When you sell your units in a mutual fund, you could receive less money than you invested.

The amount of risk depends on the Fund's investment objectives and the types of securities it invests in. A general rule of investing is that the higher the risk, the higher the potential for gains as well as losses. Cash equivalent funds usually offer the least risk because they invest in highly liquid, short-term investments such as treasury bills. Their potential returns are tied to short term interest rates. Income funds invest in bonds and other fixed income investments. These funds typically have higher long-term returns than cash equivalent funds, but they carry more risk because their prices can change when interest rates change. Equity funds expose investors to the highest level of risk because they invest in equity securities, such as common shares, whose prices can rise and fall significantly in a short period of time.

### **Managing risk**

While risk is an important factor to consider when you are choosing a mutual fund, you should also think about your investment goals and when you will need your money. For example, if you are saving for a large purchase in the next year or so, you might consider investing in a mutual fund with low risk. If you want your retirement savings to grow over the next 20 years, you can probably afford to put more of your money in equity funds.

A carefully chosen mix of investments can help reduce risk as you meet your investment goals. Your registered investment professional can help you build a portfolio that is suited to your goals and risk comfort level.

If your investment goals or tolerance for risk changes, remember, you can and should change your investments to match your new situation.

### **Specific risks of mutual funds**

The value of the investments a mutual fund holds can change for a number of reasons. You will find the specific risks of investing in each of the Funds in the individual Fund descriptions section. This section tells you more about each risk. To the extent that a Fund invests in Underlying Funds, it has the same risks as the Underlying Funds. Accordingly, any reference to a Fund in this section is intended to also refer to any Underlying Funds that a Fund may invest in.

### **Asset-backed and mortgage-backed securities risk**

Asset-backed securities are debt obligations that are backed by pools of consumer or business loans. Mortgage-backed securities are debt obligations backed by pools of mortgages on commercial or residential real estate. To the extent that a Fund invests in these securities, it will be sensitive to asset-backed and mortgage-backed securities risk. If there are changes in the market perception of the issuers of these types of securities, or in the creditworthiness of the parties involved, then the value of the securities may be affected. In the use of mortgage-backed securities, there is also a risk that there may be a drop in the interest rates charged on mortgages, a mortgagor may default on its obligations under a mortgage or there may be a drop in the value of the property secured by the mortgage.

### **Commodity risk**

Some of the Funds may invest directly or indirectly in gold or in companies engaged in the energy or natural resource industries. The market value of such a Fund's investments may be affected by adverse movements in commodity prices. When commodity prices decline, this generally has a negative impact on the earnings of companies whose business is based in commodities, such as oil and gas.



## **Credit risk**

A fixed income security, such as a bond, is a promise to pay interest and repay the principal on the maturity date. There is always a risk that the issuer will fail to honour that promise. This is called credit risk. To the extent that a Fund invests in fixed income securities, it will be sensitive to credit risk. Credit risk is lowest among issuers that have a high credit rating from a credit rating organization. It is highest among issuers that have a low credit rating or no credit rating. Issuers with a low credit rating usually offer higher interest rates to make up for the higher risk. The bonds of issuers with poor credit ratings generally have yields that are higher than bonds of issuers with superior credit ratings. Bonds of issuers that have poor credit ratings tend to be more volatile as there is a greater likelihood of bankruptcy or default. Credit ratings may change over time. Please see *Foreign investment risk* in the case of investments in debt issued by foreign companies or governments.

## **Currency risk**

When a Fund buys an investment that is denominated in a foreign currency, changes in the exchange rate between that currency and the Canadian dollar will affect the value of the Fund.

## **Derivatives risk**

To the extent that a Fund uses derivatives, it will be sensitive to derivatives risk. Derivatives can be useful for hedging against losses, gaining exposure to financial markets and making indirect investments, but they involve certain risks:

- Hedging with derivatives may not achieve the intended result. Hedging instruments rely on historical or anticipated correlations to predict the impact of certain events, which may or may not occur. If they occur, they may not have the predicted effect.
- It is difficult to hedge against trends that the market has already anticipated.
- Costs relating to entering and maintaining derivatives contracts may reduce the returns of a Fund.
- A currency hedge will reduce the benefits of gains if the hedged currency increases in value.
- Currency hedging can be difficult in smaller emerging growth countries because of the limited size of those markets.
- Currency hedging provides no protection against changes in the value of the underlying securities.
- There is no guarantee that a liquid exchange or market for derivatives will exist. This could prevent a Fund from closing out its positions to realize gains or limit losses. At worst, a Fund might face losses from having to exercise underlying futures contracts.
- The prices of derivatives can be distorted if trading in their underlying stocks is halted. Trading in the derivative might be interrupted if trading is halted in a large number of the underlying stocks. This would make it difficult for a Fund to close out its positions.
- The counterparty in a derivatives contract might not be able to meet its obligations. When using derivatives, a Fund relies on the ability of the counterparty to the transaction to perform its obligations. In the event that a counterparty fails to complete its obligations, for example, in the event of default or bankruptcy of the counterparty, the Fund may bear the risk of loss of the amount expected to be received under options, forward contracts or other transactions.

- Derivatives trading on foreign markets may take longer and be more difficult to complete. Foreign derivatives are subject to the foreign investment risks described below. Please see *Foreign investment risk*.
- Investment dealers and futures brokers may hold a Fund's assets on deposit as collateral in a derivative contract. As a result, someone other than the Fund's custodian is responsible for the safekeeping of that part of the Fund's assets.
- The regulation of derivatives is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory changes may make it more difficult, or impossible, for a Fund to use certain derivatives.
- Changes in domestic and/or foreign tax laws, regulatory laws, or the administrative practices or policies of a tax or regulatory authority may adversely affect a Fund and its investors. For example, the domestic and foreign tax and regulatory environment for derivative instruments is evolving, and changes in the taxation or regulation of derivative instruments may adversely affect the value of derivative instruments held by a Fund and the ability of a Fund to pursue its investment strategies. In addition, interpretation of the law and the application of administrative practices or policies by a taxation authority may also affect the characterization of a Fund's earnings as capital gains or income. In such a case, the unitholder's share of the income of a Fund for tax purposes could be determined to be more than originally reported, with the result that investors could be liable to pay additional income tax.

### **Emerging markets risk**

Some Funds may invest in foreign companies or governments (other than the U.S.) which may be located in, or operate, in developing countries. Companies in these markets may have limited product lines, markets or resources, making it difficult to measure the value of the company. Political instability, possible corruption, as well as lower standards of business regulation increase the risk of fraud and other legal issues. In addition to foreign investment risk described below, these Funds may be exposed to greater volatility as a result of such issues.

### **Equity risk**

Funds that invest in equities, such as common shares, are affected by changes in the general economy and financial markets, as well as by the success or failure of the companies that issued the securities. When stock markets rise, the value of equity securities tends to rise. When stock markets fall, the value of equity securities tends to fall. Convertible securities may also be subject to interest rate risk.

### **Foreign investment risk**

Investments issued by foreign companies or governments other than the U.S. can be riskier than investments in Canada and the U.S. Foreign countries can be affected by political, social, legal or diplomatic developments, including the imposition of currency and exchange controls. Some foreign markets can be less liquid, are less regulated, and are subject to different reporting practices and disclosure requirements than issuers in North American markets. It may be more difficult to enforce a Fund's legal rights in jurisdictions outside of Canada. In general, securities issued in more developed markets, such as Western Europe, have lower foreign investment risk. Securities issued in emerging or developing markets, such as Southeast Asia or Latin America, have significant foreign investment risk and are exposed to the emerging markets risks described above.

There may also be foreign and/or Canadian tax consequences for a Fund related to the holding by the Fund of interests in certain foreign investment entities. While the Funds have been structured so that they will not be subject to income tax, the information available to a Fund and the Manager relating to the characterization, for Canadian tax purposes, of the income realized or distributions received by the Fund from issuers of the Funds' investments may be insufficient to permit the Fund to accurately determine and allocate its income for Canadian tax purposes to unitholders by the end of a taxation year and accordingly the unitholders share of the income, loss, capital gains and capital losses of the Fund may be insufficient in respect of that year.

### **Fund-of-funds risk**

If a Fund invests in an Underlying Fund, the risks associated with investing in the Fund include the risks associated with the securities in which the Underlying Fund invests, along with the other risks of the Fund. Accordingly, a Fund takes on the risk of the Underlying Fund and the Underlying Fund's respective securities in proportion to the Fund's investment in the Underlying Fund. If the other mutual fund suspends redemptions, the Fund that invests in, or has exposure to, the Underlying Fund may be unable to value part of its investment portfolio and may be unable to process redemption orders.

### **Income trust risk**

An income trust, including a REIT, generally holds debt and/or equity securities of an underlying active business or is entitled to receive a royalty on revenues generated by such business. Distributions and returns on income trusts are neither fixed nor guaranteed. The trusts are subject to the risks of the particular type of underlying business, including supply contracts, the cancellation by a major customer of its contract or significant litigation.

The governing law of the income trust may not limit, or may not fully limit, the liability of investors in the income trust, including a Fund if it has invested in the income trust, for claims against the income trust. In such cases, to the extent that claims, whether in contract, in tort or as a result of tax or statutory liability against the income trust are not satisfied by the income trust, investors in the income trust, including a Fund if it has invested in the income trust, could be held liable for such obligations. Income trusts generally seek to make this risk remote in the case of contract by including provisions in their agreements that provide that the obligations of the income trust will not be binding on investors. However, investors in the income trust, including a Fund if it has invested in the income trust, would still have exposure to damage claims not mitigated contractually, such as personal injury and environmental claims.

As the income tax treatment in Canada of certain publicly traded trusts (other than certain REITs) has changed, many trusts have converted or may convert to corporations, which has had, and may continue to have, an effect on the trading price of such trusts.

### **Index risk**

Some Funds may invest in index funds that have investment objectives that require them to duplicate the investment portfolio of a particular index. Depending on market conditions, one or more of the securities listed in that index may account for more than 10% of the net assets of the index fund. As an index fund and the index it tracks become less diversified, the index fund is exposed to greater concentration and liquidity risk and may become more volatile.

### **Interest rate risk**

Funds that invest in fixed income securities, such as bonds, guaranteed mortgages and money market instruments, are sensitive to changes in interest rates. In general, when interest rates are rising, the value of these investments tends to fall. When rates are falling, fixed income securities tend to increase in value. Fixed income securities with longer terms to maturity are generally more sensitive to changes in interest rates. Certain types of fixed income securities permit issuers to repay principal before the security's maturity date. There is a risk that an issuer will exercise this prepayment right after interest rates have fallen and the Funds that hold these fixed income securities will receive payments of principal before the expected maturity date of the security and may need to reinvest these proceeds in securities that have lower interest rates.

### **Issuer-specific risk**

The market value of an individual issuer's securities can be more volatile than the market as a whole. As a result, if a single issuer's securities represent a significant portion of the market value of a Fund's assets, changes in the market value of that issuer's securities may cause greater fluctuation in the Fund's unit value than would normally be the case. A less-diversified Fund may also suffer from reduced liquidity if a significant portion of its assets is invested in any one issuer. In particular, the Fund may not be able to easily liquidate its position in the issuers as required to fund redemption requests.

Generally, mutual funds are not permitted to invest more than 10% of their net assets in any one issuer. This restriction does not apply to investments in debt securities issued or guaranteed by the Canadian or U.S. government, securities issued by a clearing corporation, securities issued by mutual funds that are subject to the requirements of NI 81-102, or index participation units issued by a mutual fund.

### **Limited partner liability risk**

When you invest in a Fund, you are buying units in a limited partnership and becoming a limited partner thereof. Limited partners may lose their limited liability in certain circumstances, including by taking part in the control or management of the business of a limited partnership. To reduce the risk of limited partners taking part in the control or management of the business of a limited partnership, the Manager will clarify in its relationships on behalf of a limited partnership that it is not acting on behalf of any of the limited partners when acting as manager of the limited partnership. If limited liability is lost, there is a risk that limited partners of a Fund may be liable beyond their contribution of capital and share of undistributed net income of the limited partnership in the event of judgment on a claim in an amount exceeding the sum of the net assets of the General Partner and the net assets of the limited partnership. While the General Partner has agreed to indemnify the limited partners of the Funds in certain circumstances, the General Partner has only nominal assets, and it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to such indemnity.

A limited partner who has received the return of all or part of the limited partner's contribution is liable to repay, with interest, such amount that is necessary to discharge the liabilities of the limited partnership to all creditors who extended credit or whose claims otherwise arose before the return of such contribution.

## **Liquidity risk**

Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. If a Fund cannot sell an investment quickly, it may lose money or make a lower profit, especially if it has to meet a large number of redemption requests. In general, investments in smaller companies, smaller markets or certain sectors of the economy tend to be less liquid than other types of investments. The less liquid an investment, the more its value tends to fluctuate.

## **Repurchase and reverse repurchase transaction risk**

Some Funds may enter into repurchase or reverse repurchase agreements to generate additional income. When a mutual fund agrees to sell a security at one price and buy it back on a specified later date from the same party with the expectation of a profit, it is entering into a repurchase agreement. When a mutual fund agrees to buy a security at one price and sell it back on a specified later date to the same party with the expectation of a profit, it is entering into a reverse repurchase agreement. Mutual funds engaging in repurchase and reverse repurchase transactions are exposed to the risk that the other party to the transaction may become insolvent and unable to complete the transaction. In those circumstances, there is a risk that the value of the securities bought may drop or the value of the securities sold may rise between the time the other party becomes insolvent and the time the mutual fund recovers its investment. To limit the risks associated with repurchase and reverse repurchase transactions, any such transactions entered into by a Fund will comply with applicable securities laws, including the requirement that each agreement be, at a minimum, fully collateralized by investment grade securities or cash with a value of at least 102% of the market value of the securities subject to the transaction. A Fund will enter into repurchase or reverse repurchase agreements only with parties that we believe, through conducting credit evaluations, have adequate resources and financial ability to meet their obligations under such agreements. Prior to entering into a repurchase transaction, the Fund must ensure that the aggregate value of the securities that have been sold pursuant to repurchase transactions, together with any securities loaned pursuant to securities lending transactions, will not exceed 50% of the net asset value of the Fund immediately after the Fund enters into the transaction.

## **Securities lending risk**

Some Funds may enter into securities lending transactions to generate additional income from securities held in a Fund's investment portfolio. In lending its securities, a Fund is exposed to the risk that the borrower may not be able to satisfy its obligations under the securities lending agreement and the mutual fund is forced to take possession of the collateral held. Losses could result if the collateral held by the mutual fund is insufficient, at the time the remedy is exercised, to replace the securities borrowed. To address these risks, any securities lending transactions entered into by a Fund will comply with applicable securities laws, including the requirement that each agreement be fully collateralized by investment grade securities or cash with a value of at least 102% of the market value of the securities subject to the transaction. A Fund will enter into securities lending transactions only with parties that we believe, through conducting credit evaluations, have adequate resources and financial ability to meet their obligations under such agreements. Prior to entering into a securities lending transaction, a Fund must ensure that the aggregate value of the securities loaned, together with those that have been sold pursuant to repurchase transactions, does not exceed 50% of the net asset value of the Fund immediately after the Fund enters into the transaction.

### **Short selling risk**

Certain Funds may engage in a limited amount of short selling. A “short sale” is where a mutual fund borrows securities from a lender which are then sold in the open market (or “sold short”). At a later date, the same number of securities are repurchased by the mutual fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the mutual fund pays interest to the lender. If the value of the securities declines between the time that the mutual fund borrows the securities and the time it repurchases and returns the securities, the mutual fund makes a profit for the difference (less any interest the mutual fund is required to pay to the lender). Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the interest paid by the mutual fund and make a profit for the mutual fund, and securities sold short may instead appreciate in value. The mutual fund also may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom the mutual fund has borrowed securities may go bankrupt and the mutual fund may lose the collateral it has deposited with the lender. Each Fund that engages in short selling will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The Funds also will deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

### **Significant unitholder risk**

Some Funds may have particular investors who own a large proportion of the outstanding securities of the Fund. For example, institutions such as banks and insurance companies or other fund companies may purchase securities of the Funds for their own mutual funds, segregated investment funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of securities of a Fund.

If one of those investors redeems a large amount of their investment in a Fund, the Fund may have to sell its portfolio investments at unfavourable prices to meet the redemption request, which can result in significant price fluctuations to the net asset value of the Fund and may potentially reduce the returns of the Fund.

### **Small company risk**

The prices of shares issued by smaller companies tend to fluctuate more than those of larger corporations. Smaller companies may not have established markets for their products and may not have solid financing. These companies generally issue fewer shares, which increases their liquidity risk.

### **Underlying ETFs risk**

The Funds may invest in ETFs, which may invest in stocks, bonds, commodities, and other financial instruments. ETFs and their underlying investments are subject to the same general types of investment risks as those that apply to the Funds. The risk of each ETF will be dependent on the structure and underlying investments of the ETF.

The Funds’ ability to realize the full value of an investment in an ETF will depend on its ability to sell such ETF units or shares on a stock exchange. If the Fund chooses to exercise its rights to redeem ETF units or shares, then it may receive less than 100% of the ETF’s then net asset value per unit or share. The trading price of the units or shares of ETFs will fluctuate in accordance with changes in the ETFs’ net asset value, as well as market supply and demand on the respective stock exchange on which they are

listed. Units or shares of an ETF may trade in the market at a premium or discount to the ETF's net asset value per unit or share and there can be no assurance that units or shares will trade at prices that reflect their net asset value. The ETFs are or will be listed on a Canadian or U.S. stock exchange, or such other stock exchanges as may be approved from time to time by Canadian securities regulators, however there is no assurance that an active public market for an ETF will develop or be sustained.

The Funds may invest in ETFs that (i) invest in securities that are included in one or more indices in substantially the same proportion as those securities are reflected in a referenced index or indices, or (ii) invest in a manner that substantially replicates the performance of such a referenced index or indices. If the computer or other facilities of the index providers or a stock exchange malfunction for any reason, calculation of the value of these indices may be delayed and trading in units or shares of such an ETF may be suspended for a period of time. If constituent securities of these indices are cease traded at any time, the manager of such an ETF may suspend the exchange or redemption of units or shares of the ETF until such time as the transfer of the securities is permitted by law. The indices on which an ETF may be based may not have been created by index providers for the purpose of the ETF. Index providers generally have the right to make adjustments or to cease calculating the indices without regard to the particular interests of the manager of an ETF, an ETF or investors in an ETF.

Adjustments to baskets of securities held by an ETF to reflect rebalancing of and adjustments to the underlying indices on which they are based will depend on the ability of the manager of the ETF and its brokers to perform their respective obligations. If a designated broker fails to perform, an ETF would be required to sell or purchase, as the case may be, constituent securities of the index on which it is based in the market. If this happens, the ETF would incur additional transaction costs that would cause the performance of the ETF to deviate more significantly from the performance of such index than would otherwise be expected.

Deviations in the tracking by an ETF of an index on which it is based could occur for a variety of reasons. For example, the total return generated will be reduced by the management fee payable to the manager of the ETF and transaction costs incurred in adjusting the portfolio of securities held by the ETFs and other expenses of the ETFs, whereas such transaction costs and expenses are not included in the calculation of such indices.

### **U.S. withholding tax risk**

Generally, the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (or "**FATCA**") impose a 30% withholding tax on "withholdable payments" made to a mutual fund, unless the mutual fund enters into a FATCA agreement with the U.S. Internal Revenue Service (the "**IRS**") (or is subject to an intergovernmental agreement as described below) to comply with certain information reporting and other requirements. Compliance with FATCA will in certain cases require a mutual fund to obtain certain information from certain investors and (where applicable) their beneficial owners (including information regarding their identity, residency and citizenship) and to report such information, including account balances to the Canada Revenue Agency (the "**CRA**").

Under the terms of the intergovernmental agreement between Canada and the U.S. to provide for the implementation of FATCA (the "**Canada-U.S. IGA**"), and its implementing provisions under the Tax Act, the Fund is treated as complying with FATCA and not subject to the 30% withholding tax if the Fund complies with the terms of the Canada-U.S. IGA. Under the terms of the Canada-U.S. IGA, the Fund will not have to enter into an individual FATCA agreement with the IRS but the Fund is required to register with the IRS and to report certain information on accounts held by U.S. Persons owning, directly or indirectly, an interest in the Fund, or held by certain other persons or entities. In addition, the Fund is

required to report certain information on accounts held by investors that did not provide the required residency and identity information, through the dealer, to the Fund. The Fund will not have to provide information directly to the IRS but instead will report information to the CRA. The CRA will in turn exchange information with the IRS under the existing provisions of the Canada-U.S. Income Tax Convention. The Canada-U.S. IGA sets out specific accounts that are exempt from being reported, including certain tax deferred plans. By investing in the Fund, the investor is deemed to consent to the Fund disclosing such information to the CRA. If the Fund is unable to comply with any of its obligations under the Canada-U.S. IGA, the imposition of the 30% U.S. withholding tax may affect the net asset value of the Fund and may result in reduced investment returns to unitholders. It is possible that the administrative costs arising from compliance with FATCA and/or the Canada-U.S. IGA and future guidance may also cause an increase in the operating expenses of the Fund.

Withholdable payments include certain U.S. source income (such as interest, dividends and other passive income) and are subject to withholding tax on or after July 1, 2014. The IRS may, at a future date, impose a 30% withholding tax on gross proceeds from the sale or disposition of property that can produce U.S. interest or dividends and on "foreign passthru payments" but these regulations have yet to be determined.

The foregoing rules and requirements may be modified by future amendments of the Canada-U.S. IGA, and its implementation provisions under the Tax Act, future U.S. Treasury regulations, and other guidance.



## Organization and Management of the Funds

<b>Manager</b> 1832 Asset Management L.P. 1 Adelaide Street East 28 <sup>th</sup> Floor Toronto, Ontario M5C 2V9	As manager, we are responsible for the overall business and operation of the Funds. This includes: <ul style="list-style-type: none"><li>• providing or arranging for portfolio advisory services; and</li><li>• providing or arranging for administrative services.</li></ul> 1832 Asset Management L.P. is wholly-owned by The Bank of Nova Scotia.
<b>General Partner</b> 1 Adelaide Street East 28 <sup>th</sup> Floor Toronto, Ontario M5C 2V9	ScotiaFunds GP Inc. is general partner of each Fund. ScotiaFunds GP Inc. is wholly-owned by The Bank of Nova Scotia.
<b>Custodian</b> State Street Trust Company Canada Toronto, Ontario	The custodian holds the investments of the Funds and keeps them safe to ensure that they are used only for the benefit of investors. State Street Trust Company Canada is independent of the Manager.
<b>Securities Lending Agent</b> State Street Bank and Trust Company Boston, Massachusetts	In the event a Fund engages in a securities lending transaction, repurchase transaction or reverse repurchase transaction, then State Street Bank and Trust Company will be appointed as the Fund's securities lending agent. State Street Bank and Trust Company is independent of the Manager.
<b>Registrar</b> 1832 Asset Management L.P. Toronto, Ontario	As registrar, we make arrangements to keep a record of all unitholders of the Funds, process orders and issue tax slips to unitholders.
<b>Auditor</b> PricewaterhouseCoopers LLP Toronto, Ontario	The auditor is an independent firm of Chartered Professional Accountants. The auditor audits the annual financial statements of the Funds and provides an opinion as to whether they are fairly presented in accordance with international financial reporting standards ("IFRS").
<b>Portfolio advisors</b>  1832 Asset Management L.P. Toronto, Ontario	The portfolio advisor provides investment advice and makes the investment decisions for a Fund. You will find the portfolio advisor for each Fund in the Fund descriptions starting at page 7.  1832 Asset Management L.P. is wholly-owned by The Bank of Nova Scotia.
<b>Portfolio sub-advisors</b>  State Street Global Advisors, Ltd. Montreal, Quebec	We have authority to retain portfolio sub-advisors. The sub-advisor provides investment advice and makes the investment decisions for certain of the Funds. You will find the portfolio advisor for each Fund in the Fund descriptions section.  State Street Global Advisors, Ltd. is independent of 1832 Asset Management L.P.
Bristol Gate Capital Partners Inc. Toronto, Ontario	Bristol Gate Capital Partners Inc. is independent of 1832 Asset Management L.P.
LSV Asset Management Chicago, Illinois	LSV Asset Management is independent of 1832 Asset Management L.P.

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**Independent Review Committee**

The Manager has established an independent review committee (“**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 Funds. 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 Funds and other funds, and any change of the auditor of the Funds. 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 currently has five members, 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 at [www.scotiafunds.com](http://www.scotiafunds.com) or, at no cost, by contacting the Manager at [fundinfo@scotiabank.com](mailto:fundinfo@scotiabank.com).

Additional information about the IRC, including the names of its members, is available in the annual information form.

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Funds that invest in underlying funds that are managed by us or our associates or affiliates will not vote any of the securities of those underlying funds. However, we may arrange for you to vote your share of those securities.

The Funds have received an exemption from securities regulatory authorities allowing them to purchase equity securities of a Canadian reporting issuer during the period of distribution of the securities and for the 60-day period following the period of distribution (the “**Prohibition Period**”) pursuant to a private placement notwithstanding that an affiliate or associate of the Manager, such as Scotia Capital Inc., acts as an underwriter or agent in the offering of equity securities. Any such purchase must be consistent with the investment objectives of the particular Fund. Further, the IRC of the Funds must approve the investment in accordance with the approval requirements of NI 81-107 and such purchase can only be carried out if it is in compliance with certain other conditions.

The Funds have received an exemption from securities regulatory authorities to permit the Funds, to invest in equity securities of an issuer that is not a reporting issuer in Canada during the Prohibition Period whether pursuant to a private placement of the issuer in Canada or in the United States or a prospectus offering of the issuer in the United States of securities of the same class, even if an affiliate of the Manager acts as underwriter in the private placement or prospectus offering, provided the issuer is at

the time a registrant in the United States, the IRC approves of the investment and the purchase is carried out in compliance with certain other conditions.

In addition to the above exemptive relief, the Funds may from time to time be granted exemptions from NI 81-102 to permit them to invest during the Prohibition Period in securities of an issuer, in which an affiliate or associate of the Manager, such as Scotia Capital Inc., acts as an underwriter or agent in the issuer's distribution of securities of the same class, where the Funds are not able to do so in accordance with NI 81-107 or the exemptive relief described above.

## **Purchases, switches and redemptions**

Series I units of the ScotiaFunds are no-load. That means you do not pay a sales commission when you buy, switch or sell these units. Selling your units is also known as redeeming. All transactions are based on the price of a Fund's units – or its net asset value per unit (“NAVPU”). All orders are processed using the next NAVPU calculated after the Fund receives the order.

## **How we calculate net asset value per unit**

We usually calculate the NAVPU of a series of each Fund following the close of trading on the Toronto Stock Exchange (the “TSX”) on each day that the TSX is open for trading. In unusual circumstances, we may suspend the calculation of the NAVPU, subject to any necessary regulatory approval.

The NAVPU of each series of a Fund is calculated by dividing (i) the current market value of the proportionate share of the assets allocated to the series, less the liabilities of the series and the proportionate share of the common expenses allocated to the series, by (ii) the total number of outstanding units in that series at such time. Securities which trade on a public stock exchange are usually valued at their closing price on that exchange. However, if the price is not a true reflection of the value of the security, we will use another method to determine its value. This method is called fair value pricing and it will be used when a security's value is affected by events which occur after the closing of the market where the security is principally traded. Fair value pricing may also be used in other circumstances.

All of the Funds are valued in Canadian dollars.

## **About the Series I units**

The interests of the limited partners of each Fund are represented by units. Currently the Funds only offer Series I units. All Series I units of a Fund have equal rights and privileges. Series I units are only available to other ScotiaFunds.

## **How to buy the Funds**

### **Minimum investment**

The minimum amount for the initial investment in Series I units of a Fund is generally \$1,000,000. There is no minimum amount for subsequent investments. We may change the minimum amount for initial and subsequent investments in units of a Fund at any time, from time to time, and on a case by case basis, subject to applicable securities legislation.

## **More about buying**

- You have to pay for your units when you buy them. If we do not receive payment for your purchase within two business days after the purchase price is determined, we will sell your units on the next business day. If the proceeds from the sale are more than the cost of buying the units, the Fund will keep the difference. If the proceeds are less than the cost of buying the units, you must pay the shortfall. We may collect the shortfall and any related costs from the dealer or broker who placed the order, or from you, if you placed the order directly with us.
- Your broker, dealer or we will send you a confirmation of your purchase once your order is processed.

Each Fund is a limited partnership. When you invest in a Fund, you are buying units in the limited partnership and becoming a limited partner thereof. Your rights and obligations as a limited partner and unitholder will be governed by the limited partnership agreement of the Fund and the laws of the Province of Ontario. In acquiring units, you become a party to such limited partnership agreement and, among other things: (i) acknowledge that you are bound by the terms of such limited partnership agreement and are liable for all obligations of a limited partner; (ii) make certain representations and warranties; and (iii) irrevocably appoint us and the general partner as your true and lawful attorney with full power and authority set out in the limited partnership agreement. You should carefully review the limited partnership agreement of the applicable Fund for complete details of its provisions. For a copy of this document, at no cost, call us at 1-800-268-9269 (or 416-750-3863 in Toronto) for English or 1-800-387-5004 for French, or write to us at the address on the back cover of this simplified prospectus.

## **How to switch funds**

Switches are only available between the Funds offered under this simplified prospectus. You can switch from one Fund to another Fund. A switch involves moving money from the Fund to another Fund. When we receive your order, we will sell units of the first Fund and then use the proceeds to buy units of the second Fund.

## **More about switching**

- The rules for buying and selling units also apply to switches.
- You can switch between Funds valued in the same currency.
- If you hold your units in a non-registered account, you are likely to realize a capital gain or loss. Capital gains are taxable.
- Your broker, dealer or we will send you a confirmation once your order is processed.

## **How to sell your units**

In general, your instructions to sell must be in writing, and your bank, trust company, broker or dealer must guarantee your signature. We may also require other proof of signing authority.

We will send your payment within two business days of receiving your properly completed order.

## **More about selling**

- You must provide all required documents within 10 business days of the day the redemption price is determined. If you do not, we will buy back the units as of the close of business on the 10<sup>th</sup> business day. If the cost of buying the units is less than the sale proceeds, the Fund will keep the

difference. If the cost of buying the units is more than the sale proceeds, you must pay the shortfall. We can collect the shortfall and any related costs from the broker or dealer who placed the order, or from you, if you placed the order directly with us.

- Sell orders placed for a corporation, trust, partnership, agent, fiduciary, surviving joint owner or estate must be accompanied by the required documents with proof of signing authority. The sell order will be effective only when the Manager on behalf of the Fund receives all required documents, properly completed.
- If you hold units in a non-registered account you will experience a taxable disposition which for most unitholders is expected to result in a capital gain or loss.

### **Suspending your right to buy, switch and sell units**

Securities regulations allow us to temporarily suspend your right to sell your Fund units and postpone payment of your sale proceeds:

- during any period when normal trading is suspended on any exchange on which securities or derivatives that make up more than 50% by value or underlying market exposure of the total assets of the Fund without allowance for liabilities are traded and there is no other exchange where these securities or derivatives are traded that represents a reasonably practical alternative for the Fund, or
- with the approval of securities regulators.

We will not accept orders to buy Fund units during any period when we have suspended investors' rights to sell their units.

You may withdraw your sell order before the end of the suspension period. Otherwise, we will sell your units at the NAVPU next calculated when the suspension period ends.

## Fees and expenses

This section describes the fees and expenses you may have to pay if you invest in the Funds. You may have to pay some of these fees and expenses directly. The Funds may have to pay some of these fees and expenses, which may reduce the value of your investment. The Funds are required to pay Goods and Services Tax (“**GST**”) or Harmonized Sales Tax (“**HST**”) on management fees, fixed administration fees (as defined below) and fund costs (as defined below), in respect of each series of units.

Because Series I units of the Funds are no-load, a meeting of unitholders of these series of the Funds is not required to approve any increase in a fee or expense charged to the Funds. Any such increase will only be made if such unitholders are notified in writing of the increase at least 60 days before the date on which the increase will take effect.

### Fees and expenses payable by the Funds

#### Management fees

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 funds, marketing and promotion of the Funds and providing or arranging for other services.

The Manager is not entitled to a management fee payable by a Fund in respect of Series I units. The management fee is negotiable and paid by unitholders directly to the Manager. The management fee for Series I units of the Fund is 0.0%. The General Partner will be allocated 0.01% of the net income of each Fund (up to a maximum of \$3,000 per year) and 0.01% of the net loss of each Fund.

#### Operating expenses

##### Fixed Administration Fees

The Manager pays certain operating expenses of the Funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, transfer agency and recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees, administration costs, bank charges, costs of preparing and distributing annual and semi-annual reports, prospectuses, annual information forms, fund facts and statements, investor communications and continuous disclosure materials. The Manager is not obligated to pay any other expense, cost or fee, including those arising up from new government or regulatory requirements relating to the foregoing expenses, costs and fees. In return, each Fund pays a fixed administration fee to the Manager (the “**fixed administration fee**”). The fixed administration fee may vary by series of units and by Fund. The fixed administration fee is calculated and accrued daily and paid monthly. The maximum annual rates of the fixed administration fee, which are a percentage of the net asset value for each series of units of each Fund, are as follows:

<b>Fund</b>	<b>Fixed Administration Fee %</b>
<i>Series I units</i>	
1832 AM Canadian Dividend LP	0.04%
1832 AM Canadian Growth LP	0.04%
1832 AM Canadian Preferred Share LP	0.07%
1832 AM Global Completion LP	0.07%
1832 AM North American Preferred Share LP	0.07%
1832 AM Tactical Asset Allocation LP	0.04%
Scotia Global Low Volatility Equity LP	0.10%
Scotia Total Return Bond LP	0.03%
Scotia U.S. Dividend Growers LP	0.07%
Scotia U.S. Low Volatility Equity LP	0.07%

#### Fund Costs

Each Fund also pays certain operating expenses directly, including the costs and expenses related to the IRC of the Funds, costs associated with the conversion to IFRS and the ongoing audit costs associated with compliance with IFRS, the cost of any government or regulatory requirements imposed commencing after May 14, 2014, including compliance with Canadian OTC derivatives trade reporting rules, compliance with the “Volcker Rule” under the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and other applicable U.S. regulations, and any new types of costs, expenses or fees not incurred prior to May 14, 2014, including those related to external services that were not commonly charged in the Canadian mutual fund industry as of May 14, 2014, any fee introduced after May 14, 2014 by a securities regulator or other government authority that is based on the assets or other criteria of the funds, any transaction costs, including all fees and costs related to derivatives, and any borrowing costs (collectively, “fund costs”), and taxes (including, but not limited to, GST or HST, as applicable).

The purchase price of all securities and other property acquired by or on behalf of the Funds (including, but not limited to, brokerage fees, commissions and service charges paid in connection with the purchase and sale of such securities and other property) are considered capital costs paid directly by the Funds and therefore are not considered part of the operating expenses of the Funds paid by the Manager.

Fund costs will be allocated among Funds and each series of a Fund is allocated its own expenses and its proportionate share of the Fund’s expenses that are common to all series. Currently, each member of the IRC is entitled to an annual retainer of \$50,000 (\$65,000 for the Chair), and a per meeting fee of \$2,000. Each ScotiaFund pays a proportionate share of the total compensation paid to the IRC each year and reimburses members of the IRC for expenses incurred by them in connection with their services as members of the IRC. Each Fund’s share of the IRC’s compensation will be disclosed in the Funds’

financial statements. The Manager may, in some years and in certain cases, pay a portion of a series' fixed administration fee or fund costs. The fixed administration fee and fund costs are included in the management expense ratio of a Fund.

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**Fees and expenses payable directly by you**

<b>Sales charges</b>	None
<b>Redemption fee</b>	None
<b>Switch fee</b>	None
<b>Other fees</b>	None

**Impact of sales charges**

Series I units of the Funds are no-load. That means you do not pay a sales commission when you buy, switch or sell units of this series.

**Sales commissions**

We pay no sales commissions or service fees and offer no sales incentive programs for selling Series I units of the Funds.

**Service fees**

We do not pay service fees on Series I units.

**Equity interests**

The Bank of Nova Scotia owns, directly or indirectly, 100% of Scotia Securities Inc. and Scotia Capital Inc. (which includes ScotiaMcLeod<sup>®</sup> and Scotia iTRADE<sup>®</sup>). The above dealers may sell units of the funds.

**Income tax considerations for investors**

This section is a general summary of how investing in the Funds can affect your taxes. It assumes that you are a Canadian resident, that you deal at arm's length with the Funds and that you hold your units as capital property. The limited partnership agreements for the Funds prohibit certain types of investors from holding units of the Funds and this summary assumes that you are not so prohibited. More detailed information is provided in the Funds' annual information form.

This section is not exhaustive and your situation may be different. You should consult a tax advisor about your own situation.

**Taxation of Fund Income and Gains**

A Fund will not be subject to income tax on its income or gains. Instead, the income, loss, capital gains and capital losses of a Fund will be computed as if the Fund were a separate person and you will be treated as earning your share of the income, loss, capital gains and capital losses of the Fund for a fiscal year of the Fund that ends in (or coincidentally with) your taxation year, whether or not you receive any distributions from the Fund. Accordingly, you will be treated as earning your share of any dividends from taxable Canadian corporations, capital gains or losses, and foreign source income on which foreign tax has been paid, as well as any other types of income or losses realized by the Fund. An investor that is a



corporation that holds a significant interest (generally, more than a 10 per cent interest) in a Fund that has a taxation year other than December 31 should consult its own tax advisor regarding the timing of its recognition of income from a Fund under the Tax Act.

Your ability to deduct losses, if any, incurred by a Fund will be subject to the “at-risk” rules in the Tax Act. If your share of a loss of a Fund for a fiscal year exceeds your “at-risk amount” as defined in the Tax Act in respect of the Fund at the end of that fiscal year, your share of the loss cannot be deducted in computing your income, but may be carried forward and deducted in a future year to the extent that you have an “at-risk” amount at the relevant time in such future year.

We will issue you a tax slip that shows the type of income considered to be earned by you and what amounts are treated as income, loss, capital gains or capital losses, and foreign income, and the amount of any foreign taxes paid by the Fund for which you may be able to claim a credit for tax purposes to the extent permitted by the Tax Act, where those items are applicable.

### **Capital gains (or losses) you realize**

When you dispose of units, including on a redemption or a switch of units of a Fund for units of another Fund, you may realize a capital gain or capital loss. Your capital gain or capital loss for tax purposes on a redemption or switch of units will be equal to the difference between the proceeds of disposition (generally, the value received on the disposition less any reasonable disposition costs) and your adjusted cost base of those units.

If you dispose of units of a Fund and you, or your spouse or another person affiliated with you (including a corporation controlled by you) has acquired units of the same Fund within 30 days before or after you dispose of the units (such newly acquired units being considered “substituted property”), your capital loss may be deemed to be a “superficial loss”. If so, your loss will be deemed to be nil and the amount of the loss will be added to the adjusted cost base of the units which are “substituted property”.

If you sell or redeem all of your units during a fiscal year of the Fund, you may be treated as if you continued to hold units until the end of the fiscal year for certain purposes, including recognition of your share of income and losses of the Fund and the calculation of the adjusted cost base of your units.

### **Calculating adjusted cost base**

In general, the adjusted cost base of your units in a Fund at any time will be equal to the cost of the units to you (including any units purchased through the reinvestment of distributions from the Fund), plus your share of income and capital gains of the Fund and less your share of losses and capital losses of the Fund for fiscal years ending before that time, and less distributions if any received by you from the Fund before that time. If the adjusted cost base of your units in the Fund is a negative amount at the end of a fiscal year of the Fund, you will be deemed to realize a capital gain equal to such amount and the adjusted cost base of your units would then be deemed to be nil. If, at the end of a later fiscal year, the adjusted cost base of your units is a positive amount, you may be able to make a tax election to be deemed to realize a capital loss subject to and in accordance with the rules in the Tax Act.

You should keep detailed records of the purchase cost of your units, amounts allocated to you and distributions you receive on those units so you can calculate the adjusted cost base of you units. You may want to get advice from a tax expert.

**Eligibility**

Units of the Funds are not qualified investments for Registered Plans and should not be acquired by such plans.

**Portfolio turnover rate**

Each Fund discloses its portfolio turnover rate in its management report of fund performance. A 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 one time in the course of a year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the likelihood that gains or losses will be realized by the Fund. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

**What are your legal rights?**

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus or Fund Facts or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form, Fund Facts or financial statements misrepresent any facts about the mutual fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

# ScotiaFunds

## Simplified Prospectus

*Series I units of*

1832 AM Canadian Dividend LP  
1832 AM Canadian Growth LP  
1832 AM Canadian Preferred Share LP  
1832 AM Global Completion LP  
1832 AM North American Preferred Share LP  
1832 AM Tactical Asset Allocation LP  
Scotia Global Low Volatility Equity LP  
Scotia Total Return Bond LP  
Scotia U.S. Dividend Growers LP  
Scotia U.S. Low Volatility Equity LP

Additional information about each Fund is available in its annual information form, its most recently filed Fund Facts, its most recently filed annual financial statements and interim financial reports and its most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it.

You can get a copy of these documents, at your request and at no charge, by calling 1-800-268-9269 (or 416-750-3863 in Toronto) for English, or 1-800-387-5004 for French, or by asking 1832 Asset Management L.P.

You will also find these documents on our website at [www.scotiafunds.com](http://www.scotiafunds.com).

These documents and other information about the funds, such as information circulars and material contracts, are also available at [www.sedar.com](http://www.sedar.com).

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