

## 1832 AM U.S. Low Volatility Equity LP

### Annual Management Report of Fund Performance

For the year ended December 31, 2024

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

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

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

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

#### Caution Regarding Forward-Looking Statements

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

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

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

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

#### Investment Objective and Strategies

The Fund's investment objective is to 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.

The portfolio sub-adviser intends to meet the investment objectives of the Fund and provide unitholders with generally less volatility than that of the broader benchmark through the application of a disciplined investment philosophy that seeks out large cap U.S. companies with strong management teams, and that trade at attractive valuations compared to their historic norms.

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

#### Risk

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

#### Results of Operations

For the year ended at December 31, 2024 (the "period"), the Series I units of the Fund generated a total return of 20.3%. Fund

returns are reported net of all management fees and expenses, unlike the returns of the Fund's benchmark, which is based on the performance of an index that does not pay fees or incur expenses.

The Fund's broad-based benchmark, the S&P 500 Index (C\$), returned 36.1% during the same period. In accordance with National Instrument 81-106, we have included a comparison to this broad-based index to help you understand the Fund's performance relative to the general performance of the market.

Over the period, investors in risk assets like stocks were largely rewarded with strong performance, but there remained a high level of speculative behaviour in the markets, particularly in the U.S. While stock markets generally move in long cycles, the current cycle has been exceptionally long by historical standards.

The Fund underperformed its broad-based benchmark as a result of its holdings in retailers, including Dollar General Corporation and Dollar Tree, Inc., within the Consumer Staples sector. Additionally, the Fund's lack of exposure to specific Information Technology companies (e.g., NVIDIA Corp.) detracted from performance. The current economic environment should be positive for discount retailers as consumers struggle with the cumulative effects of inflation. Dollar Tree, Inc. has several opportunities to boost earnings in the years ahead. However, Dollar General Corporation displayed a stalling turnaround and underperformance relative to other value-based retailers. While the core customer is clearly under stress, Dollar General Corporation did not capture the "trade down" customer the way they have in the past. Additionally, management discussed how they were not taking as much market share owing in part to strong execution from companies like Walmart Inc. and increased use of online channels by middle-income consumers. Ferguson Enterprises Inc. produced results consistent with internal expectations, but that were below consensus because of lower margins. The company's lower year-over-year margins are a function of deflation in commodity product categories, labour cost inflation and continued long-term investment within the current muted environment and end markets.

The Fund's exposure to competitively advantaged Industrials companies contributed to performance. Individual contributors included Booking Holdings Inc., which performed well in terms of room nights, bookings and sales. Margins expanded and the company continued to buy back shares. Booking Holdings Inc. is growing strongly and taking market share, even in Europe and its commitment to managing fixed expense growth to drive operating leverage is notable. Progressive Corporation (The) has built a durable competitive advantage through efficient, low-cost direct distribution, investments in technology and analytics and scale. This has allowed the company to price its products attractively and take market share over time, while still earning above-average margins and returns on equity. The industry is in the midst of a recovery from a highly disruptive period during the pandemic, which has led to strong top- and bottom-line growth. Alphabet Inc. demonstrated strong fundamentals in sales and operating margins. The advertising segment is fully intact, but its businesses in cloud computing, subscriptions, platforms and

devices were the highlight. Artificial intelligence is clearly a scale-driven business and Alphabet Inc. has many products to participate.

The Fund intentionally looks highly different than the market. It holds competitively advantaged businesses with strong balance sheets that trade at a significant discount to the benchmarks. New positions in 2024 for the Fund included Quest Diagnostics Incorporated, O'Reilly Automotive, Inc., ARAMARK Holdings Corporation, CSX Corporation, Microchip Technology Incorporated and Allegion PLC.

Increased positions included 13 holdings that demonstrated improved risk/reward profiles.

Decreased positions included 14 holdings owing to a combination of valuation and fundamentals.

Eliminated positions from the Fund included SAP SE, Eaton Corporation PLC and Arch Capital Group Ltd. based on valuation, Dollar General Corporation and Omnicom Group Inc. based on fundamentals and Northern Trust Corporation, based on fundamentals relative to valuation.

The Fund's net asset value decreased to \$441.3 million at December 31, 2024, from \$550.0 million at December 31, 2023. This change was composed of net redemptions of \$197.7 million, and investment performance of \$89.0 million. The investment performance of the Fund includes income and expenses which vary year over year. The Fund's income and expenses changed compared to the previous year mainly as a result of fluctuations in average net assets, portfolio activity and changes in the Fund's income earning investments.

## Recent Developments

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

## Related Party Transactions

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

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

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

## Fixed Administration Fees and Fund Costs

The Manager pays the operating expenses of the Fund, other than Fund Costs, in exchange for the payment by the Fund of a fixed rate administration fee (the "Fixed Administration Fee") to the Manager with respect to each series of the Fund. The expenses

charged to the Fund in respect of the Fixed Administration Fee are disclosed in the Fund's financial statements. The Fixed Administration Fee is equal to a specified percentage of the net asset value of a series, calculated and paid in the same manner as the management fees for the Fund. Further details about the Fixed Administration Fee can be found in the Fund's most recent simplified prospectus.

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

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

### **Other Fees**

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

### **Independent Review Committee**

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

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

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

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

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Fund as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. Each member of the IRC receives an annual retainer of \$62,000 (\$77,000 for the Chair), plus expenses for each meeting. The fees and expenses, plus associated legal costs, are split equally among all of the funds managed by the Manager for which the IRC acts as the independent review committee. The main component of compensation is an annual retainer fee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses.

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

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

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

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

## Financial Highlights

The following tables show selected key financial information about each series of the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information on the following tables is based on prescribed regulations and as a result, is not expected to add across due to the increase (decrease) in net assets from operations being based on average units outstanding during the period and all other numbers being based on actual units outstanding at the relevant point in time. Footnotes for the tables are found at the end of the Financial Highlights section.

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

For the period ended	Net Assets, beginning of period	Increase (decrease) from operations					Distributions				Net Assets, end of period <sup>(1)</sup>	
		Total revenue	Total expenses	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations <sup>(2)</sup>	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions <sup>(3)</sup>
<b>Series I</b>												
Dec 31, 2024	22.68	0.35	(0.06)	3.75	0.87	4.91	—	—	—	—	—	27.30
Dec 31, 2023	19.00	0.54	(0.05)	1.19	1.82	3.50	—	—	—	—	—	22.68
Dec 31, 2022	20.34	0.28	(0.05)	0.33	(2.15)	(1.59)	—	—	—	—	—	19.00
Dec 31, 2021	17.28	0.27	(0.06)	1.64	1.26	3.11	—	—	—	—	—	20.34
Dec 31, 2020	18.81	0.56	(0.09)	(0.53)	(1.45)	(1.51)	—	—	—	—	—	17.28

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

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

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

### Ratios and Supplemental Data

As at	Total net asset value (in \$000s) <sup>(1)</sup>	Number of units outstanding <sup>(1)</sup>	Management expense ratio ("MER") (%) <sup>(2)</sup>	MER before waivers or absorptions (%) <sup>(2)</sup>	Trading expense ratio ("TER") (%) <sup>(3)</sup>	Portfolio turnover rate (%) <sup>(4)</sup>	Net asset value per unit (\$) <sup>(1)</sup>
<b>Series I</b>							
Dec 31, 2024	441,293	16,164,563	0.08	0.08	0.03	25.30	27.30
Dec 31, 2023	549,993	24,245,040	0.08	0.08	0.02	19.37	22.68
Dec 31, 2022	675,709	35,554,498	0.08	0.08	0.03	30.19	19.00
Dec 31, 2021	890,750	43,785,132	0.08	0.08	0.03	108.61	20.34
Dec 31, 2020	732,271	42,374,322	0.08	0.08	0.01	21.34	17.28

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

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

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

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

## Management Fee

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

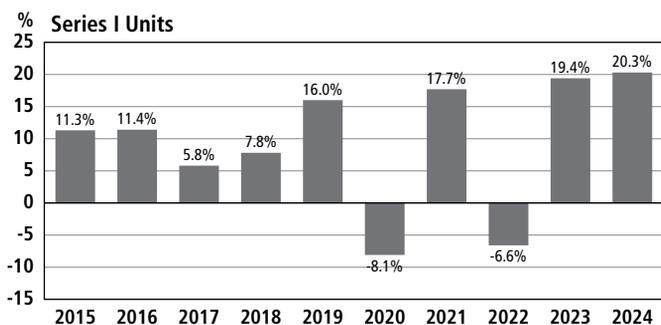
## Past Performance

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

distribution or other optional charges that would have reduced returns or performance.

## Year-by-Year Returns

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



## Annual Compound Returns

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

		One Year	Three Years	Five Years	Ten Years	Since Inception
<b>Series I</b>	%	20.3	10.3	7.7	9.1	—
S&P 500 Index (C\$)	%	36.1	13.7	16.9	15.6	—

## Index Descriptions

S&P 500 Index (C\$) – This index is a capitalization-weighted index 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.

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

## Summary of Investment Portfolio

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

By Asset Type	Percentage of net asset value <sup>†</sup>
Equities	98.0
Cash and Short Term Instruments (Bank Overdraft)	1.9
Other Net Assets (Liabilities)	0.1

By Country / Region <sup>(1)</sup>	Percentage of net asset value <sup>†</sup>
United States	90.1
Japan	3.8
Germany	2.4
Cash and Short Term Instruments (Bank Overdraft)	1.9
United Kingdom	1.7

By Industry <sup>(1)(2)</sup>	Percentage of net asset value <sup>†</sup>
Consumer Discretionary	21.8
Industrials	19.4
Financials	17.7
Health Care	13.8
Consumer Staples	8.9
Information Technology	6.3
Communication Services	4.6
Materials	4.4
Cash and Short Term Instruments (Bank Overdraft)	1.9
Energy	1.1

Top 25 Holdings	Percentage of net asset value <sup>†</sup>
Charles Schwab Corporation (The)	6.1
Booking Holdings Inc.	5.7
Berkshire Hathaway Inc., Class "B"	5.4
Alphabet Inc., Class "A"	4.6
ARAMARK Holdings Corporation	4.5
Ferguson Enterprises Inc	4.5
Avery Dennison Corporation	4.4
Masco Corporation	4.1
CarMax, Inc.	3.9
Carrier Global Corporation	3.8
Sony Corporation, Sponsored ADR	3.8
Progressive Corporation (The)	3.7
Unilever PLC, Sponsored ADR	3.6
UnitedHealth Group Incorporated	3.6
Sysco Corporation	3.4
Quest Diagnostics Incorporated	3.4
CSX Corporation	3.1
Koninklijke Philips NV, Depository Receipts	2.7
BlackRock Inc.	2.5
Fresenius Medical Care AG, Sponsored ADR	2.4
O'Reilly Automotive, Inc.	2.4
CDW Corporation	2.2
Micron Technology, Inc.	2.1
Microchip Technology Incorporated	2.0
Allegion PLC	2.0

(1) Excludes other net assets (liabilities) and derivatives.

(2) Excludes bonds and debentures.

† This refers to transactional net asset value.