

Scotia Wealth Canadian Small Cap Pool

Annual Management Report of Fund Performance

For the year ended December 31, 2022

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 or SEDAR at www.sedar.com.

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 Scotia Wealth Canadian Small Cap Pool.

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

Caution Regarding Forward-Looking Statements

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

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

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

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 achieve superior long-term returns through capital growth by investing primarily in stocks of small and medium capitalization Canadian corporations.

The Fund uses a growth oriented investment style that is moderated by price sensitivity (growth at a reasonable price) to achieve its investment objectives.

The Fund may invest up to 15% of its assets in cash and cash equivalents.

The Fund can invest up to 10% 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 December 31, 2022 (the "period"), the Pinnacle Series units of the Fund generated a total return of – 16.3%. Fund returns are reported net of all management fees and expenses for all series, unlike the returns of the Fund's benchmark, which is based on the performance of an index that

does not pay fees or incur expenses. Returns for other series of the Fund will be similar to Pinnacle Series with any difference in performance being primarily due to different management fees, operating expenses and other expenses that are applicable to that particular series. Please see the “Past Performance” section for the performance of the Fund’s other series.

The Fund’s broad-based benchmark, the S&P/TSX Small Cap Index, returned – 11.2% 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.

Equity markets faced several challenges over the period that broke the long positive streak they had experienced since early 2019. Factors that had a negative impact on markets and economies included the ongoing COVID-19 pandemic, the Russia-Ukraine conflict and multi-decade high levels of inflation across market categories and geographies. To combat inflation, central banks entered one of the steepest cycles of interest rate increases on record for the Canadian and most developed economies. The combination of high inflation and rising interest rates weakened economies in Canada, the U.S., Europe and elsewhere. In this environment, downward revisions were made to Canadian corporate earnings for 2022 and 2023.

Within the Canadian equity market, the Energy sector was by far the best-performing sector and the only sector to generate a positive return. Otherwise, equities broadly declined across sectors and market capitalizations. The stocks of the large Information Technology firms and most growth stocks declined substantially. In the Canadian small-capitalization market, the Communication Services, Health Care, Financials and Materials sectors generated large losses, with returns close to or below – 20%.

The Fund underperformed the broad-based benchmark as a result of its minimal exposure to the Energy sector, where most companies do not meet the Fund’s investment criteria.

Stock selection in the Information Technology and Real Estate sectors also detracted from performance. Top individual detractors from performance included AirBoss of America Corp., Tucows Inc. and Topicus.com Inc. AirBoss supplies custom compounded rubber, survivability solutions and anti-vibration components to customers globally. Its contract pipeline of US\$1.5 billion has not materialized as quickly as expected following delays caused by the conflict in Ukraine. In addition, the company did not perform as anticipated on a defense contract, which negatively impacted its results. Tucows is a group of three complementary businesses that help connect people to internet access. Topicus is a pan-European provider of vertical market software and platforms to public and private sector clients. Despite solid operational performance from both Tucows and Topicus, their valuations contracted along with the rest of the Information Technology sector in 2022. In addition, rising interest rates had a disproportionate impact on the value of its Tucows’ Ting internet business, which is capital-expenditure heavy upfront but should benefit from very long-life, predictable cash flows.

Stock selection in the Financials and Industrials sectors contributed to performance, as did underweight positions in the Materials and Communication Services sectors. Top individual contributors included IBI Group Inc., Element Fleet Management Corp. and Trisura Group Ltd. IBI Group is a Canadian-international professional services company consulting in the fields of architecture and engineering. The company was taken over by Arcadis N.V., a Netherlands consulting and engineering firm, at a substantial premium and a fair valuation. Automotive fleet manager Element Fleet is the market leader in the U.S., Canada, Mexico, Australia and New Zealand. The company reported strong results while raising its forward guidance twice. Trisura benefited from two consecutive quarters of solid growth and profitable underwriting results.

During the period, six holdings were added to the Fund. Trisura was added for its position as a leading international specialty insurance provider, whose operating subsidiaries include a Canadian specialty insurance company. Spin Master Corp. was added as a leading global children’s entertainment company. Uni-Select Inc. is a leader in the distribution of automotive paint and industrial coatings as well as in the automotive aftermarket parts business. Goeasy Ltd. offers non-prime leasing and lending services. Computer Modelling Group Ltd. is global supplier of advanced process reservoir modelling software, and Tecsys Inc. provides enterprise distribution management software.

Several existing positions were increased as their prices were considered attractive given their long-term organic and acquisition growth potential, including Altus Group Ltd., Sleep Country Canada Holdings Inc., Mainstreet Equity Corp., Richelieu Hardware Ltd. and Aritzia Inc.

Eight holdings were sold to fund these purchases: Enerflex Systems Ltd., K-Bro Linen Inc., Superior Plus Corp., Winpak Ltd., Recipe Unlimited Corp., CCL Industries Inc. and Definity Financial Corp. Several positions were also decreased, including Element Fleet, Pet Valu Holdings Ltd., Boyd Group Services Inc. and Stella Jones Inc., based on valuation and weighting considerations.

The Fund’s net asset value decreased to \$81.1 million at December 31, 2022, from \$114.6 million at December 31, 2021. This change was composed of investment performance of negative \$19.5 million, net redemptions of \$14.0 million and cash distributions of \$36,847. The investment performance of the Fund includes income and expenses which vary year over year. The Fund’s income and expenses changed compared to the previous year mainly as a result of fluctuations in average net assets, portfolio activity and changes in the Fund’s income earning investments.

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

ability to implement its investment strategy or to fulfill its investment objective.

Recent Developments

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

Related Party Transactions

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

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

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

Management Fees

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

Fixed Administration Fees and Fund Costs

The Manager pays the operating expenses of the Fund, other than Fund Costs, in exchange for the payment by the Fund of a fixed rate administration fee (the “Fixed Administration Fee”) to the Manager with respect to each series of the Fund. The expenses charged to the Fund in respect of the Fixed Administration Fee are disclosed in the Fund’s financial statements. The Fixed Administration Fee is equal to a specified percentage of the net asset value of a series, calculated and paid in the same manner as the management fees for the Fund. Further details about the Fixed Administration Fee can be found in the Fund’s most recent simplified prospectus.

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

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

Related Brokerage Commissions

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

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

During the period, the Fund paid \$9,616 in commissions to Related Brokers.

Other Fees

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

Independent Review Committee

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

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

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

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

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Fund as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. Each member of the IRC receives an annual retainer of \$62,000 (\$77,000 for the Chair), plus expenses for each meeting. The fees and expenses, plus associated legal costs, are allocated among all of the funds managed by the

Manager for which the IRC acts as the independent review committee in a manner that is considered by the Manager to be fair and reasonable. The main component of compensation is an annual retainer fee. Prior to November 1, 2021, each IRC member also received a fee for each committee meeting attended. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses.

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

- Paying brokerage commissions and spreads to a related party for effecting security transactions on an agency and principal basis on behalf of the Fund;
- Purchases or sales of securities of an issuer from or to another investment fund managed by the Manager;
- Investments in the securities of issuers for which a related underwriter acted as an underwriter during the distribution of such securities and the 60-day period following the completion of such distribution;
- Executing foreign exchange transactions with a related party on behalf of the Fund;
- Purchases of securities of a related party;
- Entering into over-the-counter derivatives on behalf of the Fund with a related party;

- Outsourcing products and services to related parties which can be charged to the Fund;
- Acquisition of prohibited securities as defined by securities regulations;
- Trading in mortgages with a related party;
- Entering into a designated broker agreement with a related party; and
- Entering into a prime broker agreement with a related party.

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

The Manager, in respect of the Fund, relied on IRC standing instructions regarding related party transactions during the period.

Financial Highlights

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

The Fund's Net Assets per Unit (\$) ⁽¹⁾

For the period ended	Net Assets, beginning of period	Increase (decrease) from operations:					Distributions:					Net Assets, end of period ⁽¹⁾
		Total revenue	Total expenses	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations ⁽²⁾	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital	Total distributions ⁽³⁾	
Pinnacle Series												
Dec. 31, 2022	42.68	0.48	(0.13)	3.89	(11.52)	(7.28)	–	(0.38)	(3.32)	–	(3.70)	32.00
Dec. 31, 2021	37.87	0.64	(0.22)	30.09	(20.01)	10.50	–	(0.56)	(3.59)	–	(4.15)	42.68
Dec. 31, 2020	34.56	0.49	(0.12)	(2.09)	2.17	0.45	–	(0.46)	–	–	(0.46)	37.87
Dec. 31, 2019	31.36	0.57	(0.11)	(0.40)	3.73	3.79	–	(0.60)	–	–	(0.60)	34.56
Dec. 31, 2018	40.04	0.65	(0.13)	2.57	(9.87)	(6.78)	–	(0.61)	(1.16)	–	(1.77)	31.36
Series F												
Dec. 31, 2022	43.65	0.50	(0.50)	4.07	(11.12)	(7.05)	–	–	(3.21)	–	(3.21)	32.96
Dec. 31, 2021	38.81	0.67	(0.68)	30.87	(22.10)	8.76	–	(0.24)	(3.63)	–	(3.87)	43.65
Dec. 31, 2020	35.50	0.51	(0.41)	(1.87)	5.46	3.69	–	(0.17)	–	–	(0.17)	38.81
Dec. 31, 2019	32.16	0.58	(0.45)	(0.39)	3.82	3.56	–	(0.20)	–	–	(0.20)	35.50
Dec. 31, 2018	40.98	0.66	(0.69)	2.63	(10.07)	(7.47)	–	(0.18)	(1.08)	–	(1.26)	32.16
Series I												
Dec. 31, 2022	44.60	0.50	(0.06)	3.99	(12.14)	(7.71)	–	(0.47)	(3.36)	–	(3.83)	33.56
Dec. 31, 2021	39.17	0.52	(0.09)	37.93	(17.85)	20.51	–	(0.23)	(3.69)	–	(3.92)	44.60
Dec. 31, 2020	35.76	0.52	(0.05)	(1.91)	5.30	3.86	–	(0.57)	–	–	(0.57)	39.17
Dec. 31, 2019	32.44	0.59	(0.04)	(0.39)	3.67	3.83	–	(0.69)	–	–	(0.69)	35.76
Dec. 31, 2018	41.69	0.66	(0.02)	2.64	(10.23)	(6.95)	–	(0.71)	(1.19)	–	(1.90)	32.44

For the period ended	Increase (decrease) from operations:						Distributions:					Net Assets, end of period ⁽¹⁾
	Net Assets, beginning of period	Total revenue	Total expenses	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations ⁽²⁾	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital	Total distributions ⁽³⁾	
Series M												
Dec. 31, 2022	11.91	0.13	(0.08)	1.04	(3.38)	(2.29)	–	(0.05)	(0.89)	–	(0.94)	8.98
Dec. 31, 2021	10.58	0.19	(0.12)	8.31	(6.01)	2.37	–	(0.12)	(0.99)	–	(1.11)	11.91
Dec. 31, 2020	9.67	0.14	(0.06)	(0.48)	1.56	1.16	–	(0.10)	–	–	(0.10)	10.58
Dec. 31, 2019	8.74	0.15	(0.07)	(0.18)	1.14	1.04	–	(0.08)	–	–	(0.08)	9.67
Dec. 31, 2018	11.25	0.18	(0.11)	0.71	(2.89)	(2.11)	–	(0.12)	(0.33)	–	(0.45)	8.74

⁽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 (000's) (\$) ⁽¹⁾	Number of units outstanding ⁽¹⁾	Management expense ratio ("MER") (%) ⁽²⁾	MER before waivers or absorptions (%) ⁽²⁾	Trading expense ratio ("TER") (%) ⁽³⁾	Portfolio turnover rate (%) ⁽⁴⁾	Net asset value per unit (\$) ⁽¹⁾
Pinnacle Series							
Dec. 31, 2022	36,738	1,148,045	0.24	0.24	0.13	48.21	32.00
Dec. 31, 2021	50,974	1,194,292	0.24	0.24	0.23	30.56	42.68
Dec. 31, 2020	72,811	1,922,536	0.24	0.24	0.11	31.83	37.87
Dec. 31, 2019	118,535	3,429,402	0.24	0.24	0.08	14.49	34.56
Dec. 31, 2018	105,457	3,362,857	0.24	0.24	0.11	16.75	31.36
Series F							
Dec. 31, 2022	7,099	215,390	1.24	1.24	0.13	48.21	32.96
Dec. 31, 2021	7,319	167,690	1.24	1.24	0.23	30.56	43.65
Dec. 31, 2020	5,923	152,632	1.24	1.24	0.11	31.83	38.81
Dec. 31, 2019	4,388	123,594	1.23	1.23	0.08	14.49	35.50
Dec. 31, 2018	4,671	145,249	1.23	1.23	0.11	16.75	32.16
Series I							
Dec. 31, 2022	262	7,798	0.03	0.03	0.13	48.21	33.56
Dec. 31, 2021	391	8,761	0.03	0.03	0.23	30.56	44.60
Dec. 31, 2020	393,857	10,054,980	0.03	0.03	0.11	31.83	39.17
Dec. 31, 2019	375,528	10,500,701	0.03	0.03	0.08	14.49	35.76
Dec. 31, 2018	427,866	13,188,360	0.03	0.03	0.11	16.75	32.44
Series M							
Dec. 31, 2022	37,017	4,124,278	0.71	0.93	0.13	48.21	8.98
Dec. 31, 2021	55,950	4,698,402	0.71	0.93	0.23	30.56	11.91
Dec. 31, 2020	39,186	3,705,031	0.72	0.94	0.11	31.83	10.58
Dec. 31, 2019	30,047	3,107,586	0.71	0.71	0.08	14.49	9.67
Dec. 31, 2018	54,481	6,233,367	0.74	0.94	0.11	16.75	8.74

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

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

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

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

Management Fees

The management fee is an annualized rate based on the net asset value of each series of the Fund, accrued daily and paid monthly.

The management fees cover the costs of managing the Fund,

arranging for investment analysis, recommendations and investment decision making for the Fund, arranging for distribution of the Fund, marketing and promotion of the Fund and providing or arranging for other services.

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

	Management fees (%)	Dealer compensation (%)	Other† (%)
Pinnacle Series*	–	–	–
Series F	1.00	–	100.0
Series I*	–	–	–
Series M	0.70	–	100.0

* The management fee for this series is negotiated and paid directly by these unitholders and not by the Fund.

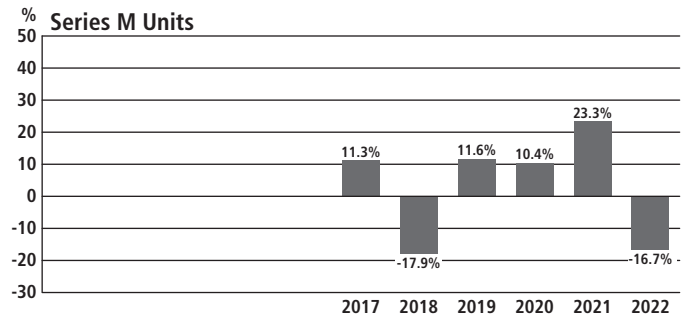
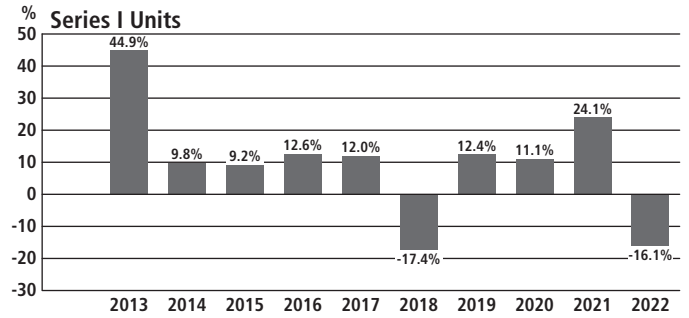
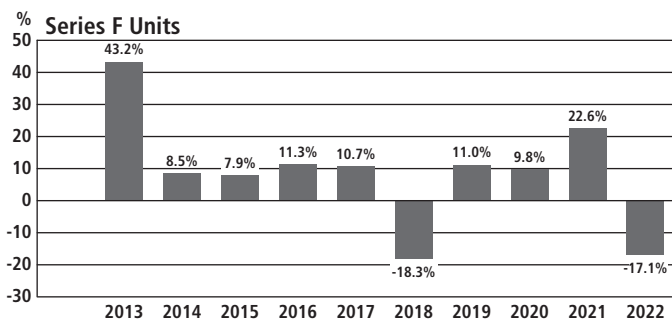
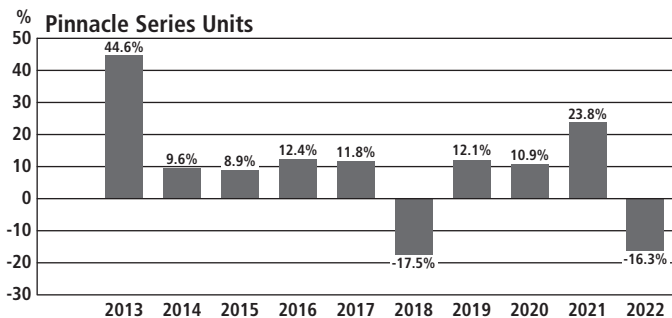
† Relates to all services provided by the Manager described above except dealer compensation.

Past Performance

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

Year-By-Year Returns

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



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
Pinnacle Series	% -16.3	4.8	1.2	8.7	–
S&P/TSX Small Cap Index	% -11.2	4.9	0.8	1.6	–
Series F	% -17.1	3.7	0.2	7.7	–
S&P/TSX Small Cap Index	% -11.2	4.9	0.8	1.6	–
Series I	% -16.1	5.0	1.4	8.9	–
S&P/TSX Small Cap Index	% -11.2	4.9	0.8	1.6	–
Series M	% -16.7	4.3	0.8	–	3.2
S&P/TSX Small Cap Index	% -11.2	4.9	0.8	–	1.3

Index Descriptions

S&P/TSX Small Cap Index – The index tracks the performance of the Canadian small cap market.

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, 60 days after quarter end, except for December 31, which is the calendar year end, when they are available after 90 days.

By Industry	% of net asset value ⁽¹⁾
Industrials	31.0
Consumer Discretionary	20.7
Information Technology	14.8
Financials	12.6
Real Estate	10.9
Materials	4.6
Energy	3.1
Cash and Cash Equivalents	2.1
Other Net Assets (Liabilities)	0.2

Top 25 Holdings

Issuer	% of net asset value ⁽¹⁾
Colliers International Group Inc.	4.6
GDI Integrated Facility Services Inc.	4.3
Richelieu Hardware Ltd.	4.3
Topicus.com Inc.	4.2
ATS Corporation	4.1
Altus Group Ltd.	3.9
Uni-Select Inc.	3.6
Canadian Western Bank	3.5
Computer Modelling Group Ltd.	3.1
Tucows Inc., Class A	3.1
Sleep Country Canada Holdings Inc.	3.0
Enghouse Systems Limited	2.9
Stantec Inc.	2.9
Logistec Corporation, Class B	2.8
Element Fleet Management Corporation	2.7
Linamar Corporation	2.7
Spin Master Corporation	2.6
Savaria Corporation	2.6
Badger Infrastructure Solution Ltd.	2.6
EQB Inc.	2.5
Pet Valu Holdings Ltd.	2.5
Trisura Group Ltd.	2.4
Aritzia Inc., Subordinated Voting	2.4
Mainstreet Equity Corporation	2.4
Stella-Jones Inc.	2.4

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

