

## Scotia Private Canadian All Cap Equity Pool

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### Annual Management Report of Fund Performance

For the year ended December 31, 2020

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., 1 Adelaide Street East, 28th Floor, Toronto, ON, M5C 2V9 or by visiting our website at [www.scotiafunds.com](http://www.scotiafunds.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's 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 Private Canadian All Cap Equity 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 long term capital growth by investing in a broad range of Canadian equity securities across the market cap spectrum.

The Fund seeks to achieve its investment objective by investing primarily in a diversified selection of Canadian equity securities trading on major Canadian exchanges.

The portfolio advisor uses a proprietary, multi-factor, multi-frequency, evidence-based investment process for stock selection implemented through a rigorous risk management framework.

Using both a quantitative and qualitative approach, the portfolio advisor extracts and distills company fundamentals and transforms them into proprietary factors and forecasts. Portfolio construction is derived from fundamental, expectational and technical research reflecting the diversity of agents, investment styles and investment time horizons prevalent in the marketplace. This multi-dimensional approach leads to a core investment style with an objective of adding value through varying market conditions.

The portfolio advisor reviews the fund's investments regularly for their adherence to specific decision rules most appropriate to achieve the investment objective and for their contribution to increasing return and/or reducing risk.

The portfolio advisor's quantitative research is fully integrated across capital markets and factor research, return forecasting, portfolio construction, risk and factor monitoring, and performance measurement. This allows the portfolio advisor to form and test investment hypotheses through the search for new variables and factors that either predict or control equity returns. All new data inputs and algorithms resulting in either increased returns or reduced risks are immediately fed through to the Fund in order to improve the fund's risk and return characteristics.

The portfolio advisor will endeavour to keep the Fund in a fully-invested position, excluding any short term cash due to pending transactions or balancing, such balance not to exceed 10% of the fund's assets.

## 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, 2020 (the "period"), the Series I units of the Fund generated a total return of 6.9%. 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/TSX Composite Index, returned 5.6% 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.

In the first quarter of 2020, the Canadian stock market declined sharply on concerns about the impact of the COVID-19 pandemic. Equal-weighted and small-capitalization indices underperformed larger-cap stocks, which worked against the Fund's all-cap strategy. In the second and third quarters, markets experienced a rebound as the result of extraordinary monetary and fiscal stimulus and a temporary reduction in new COVID-19 cases. In the fourth quarter, markets were further supported by announcements of COVID-19 vaccine developments, and some economic indicators suggested that the global economy had started to recover and expand. In this environment, equal-weighted and small-cap indices strongly outperformed larger-cap stocks, which benefited the Fund.

The Fund outperformed the broad-based benchmark, as higher-quality stocks with core characteristics, higher momentum, and better profitability and growth outperformed. The Fund is about 58% invested in small- and mid-cap stocks. Smaller-cap stocks performed well over the year but still traded at a deep discount to larger-cap stocks.

In terms of investment strategies, the Fund's Core, Momentum, and Profit and Growth strategies contributed to performance. Top individual contributors to performance included Real Matters Inc.,

Suncor Energy Inc. and Kinaxis Inc. Using a proprietary cloud-based software platform, Real Matters provides property appraisal and other services to mortgage lenders. The company reported fiscal-year net revenue of US\$162 million versus US\$102 million the year before. The company benefited from record low interest rates and high levels of refinancing activity.

The West Texas Intermediate oil price declined by 21% over the year. As one of the largest producers of oil in Canada, Suncor's stock was impacted by negative industry conditions. The company also faced a number of operational challenges. In May, Suncor lowered its dividend in order to preserve its balance sheet. Looking to 2021, production is expected to increase more than 10%, but little to no growth is expected versus 2019. Kinaxis had a positive year, with expected revenue growth of over 10%, while many other sectors and companies struggled with the effects of COVID-19 on the global economy. Kinaxis remains profitable and continues to generate free cash flow.

The Fund's Consensus and Value and Efficiency strategies detracted from performance. Value stocks underperformed during the market decline in the first quarter. Top individual detractors from performance included Parex Resources Inc. and underweight positions in Shopify Inc. and Wheaton Precious Metals Corp. Shopify's stock price rose substantially in the first half of the year but has since levelled off. Given the stock's high valuation, the margin for error is small. (Even allowing for 30% revenue growth in 2021, the stock is trading at more than 30 times enterprise value to revenues.) The Fund maintains an underweight position in the stock, despite initially taking a larger position.

Parex is a Canadian oil producer with assets in Colombia. The company was challenged as the Brent crude oil price declined about 22% in 2020. However, despite difficult industry conditions, the company's expected free cash flow was positive. At the end of the third quarter, the company had cash of US\$350 million and no debt, and it had repurchased US\$94 million in stock. Gold and silver streaming (royalty) company Wheaton Gold benefited as bullion was up 25% over the period, while the price of silver increased more than 40%. However, the challenge royalty companies face is the ability to add new streaming opportunities. Given the free cash flow characteristic of streaming companies, their valuations are generally high relative to producers.

During the period, the Fund's exposure to the Materials (excluding gold) and Consumer Discretionary sectors was increased as these sectors ranked more favourably in our multi-strategy stock selection system. For the same reason, Shopify, Canfor Corp. and CanWel Building Materials Group Ltd. were the largest new positions added to the Fund.

The Fund's exposure to gold and Information Technology stocks was decreased as they ranked less favourably in our multi-strategy stock selection system. Similarly, Wesdome Gold Mines Ltd., Parex and Air Canada were the largest positions eliminated as their rankings deteriorated. Real Matters, Suncor and Kinaxis were sold in the fourth quarter on performance issues.

The Fund's net asset value decreased to \$198.5 million at December 31, 2020, from \$596.8 million at December 31, 2019.

This change was composed of investment performance of \$8.3 million and net redemptions of \$406.6 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.

The Fund may make distributions at a rate determined by the Manager from time to time. If the aggregate amount of distributions exceeds the portion of net income and net realized capital gains, the excess will constitute a return of capital. The Manager does not believe that the return of capital distributions made by the Fund have a meaningful impact on the Fund's ability to implement its investment strategy or to fulfill its investment objective.

## Recent Developments

### COVID-19

The spread of the COVID-19 virus began in late 2019 and led to a subsequent and dramatic global shutdown by March 2020 of all but the most essential activities. Many businesses and schools were closed along with borders as mobility restrictions were put in place around the world. This generated significant headwinds for corporate and consumer income which led to an increase in financial market volatility. In late March, markets began to see a dramatic reversal with investors encouraged by the amount of stimulus being introduced into the financial system by global policy makers. Trillions of dollars of supplementary income, tax relief, and lending backstops were put into place. The recovery continued throughout the course of 2020 with many markets seeing sharp recoveries, although not all sectors and industries participated in the recovery with sectors such as travel, energy and real estate continuing to lag. A globally coordinated approach to vaccine development continued throughout the second half of the year with Pfizer and Moderna both developing and starting to distribute a vaccine in record time. The rollout of the vaccine progressed around the world through the end of 2020 which continued to buoy markets. For now, we continue to monitor the situation and the effects on 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.

## 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 \$12,699 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), Steve 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. The main components of compensation are an annual retainer and a fee for each committee meeting attended. The chair of the IRC is entitled to an additional 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.

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 (\$) <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 capital gains	Return of capital	Total distributions <sup>(3)</sup>		
<b>Series I</b>												
<b>Dec. 31, 2020</b>	<b>10.66</b>	<b>0.25</b>	<b>(0.04)</b>	<b>1.06</b>	<b>(1.09)</b>	<b>0.18</b>	–	<b>(0.67)</b>	–	–	<b>(0.67)</b>	<b>10.73</b>
Dec. 31, 2019	9.09	0.27	(0.04)	(0.12)	1.80	1.91	–	(0.34)	–	–	(0.34)	10.66
Dec. 31, 2018	10.77	0.27	(0.04)	(0.11)	(1.99)	(1.87)	–	(0.15)	–	–	(0.15)	9.09
Dec. 31, 2017	10.10	0.24	(0.04)	(0.53)	1.27	0.94	–	(0.21)	–	–	(0.21)	10.77
Dec. 31, 2016*	10.00	0.04	(0.01)	(0.01)	0.04	0.06	–	(0.01)	–	–	(0.01)	10.10

\* The start date for Series I units was November 14.



- (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) (\$) <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>							
<b>Dec. 31, 2020</b>	<b>198,539</b>	<b>18,507,995</b>	<b>0.08</b>	<b>0.08</b>	<b>0.31</b>	<b>109.53</b>	<b>10.73</b>
Dec. 31, 2019	596,848	55,973,622	0.08	0.08	0.31	93.18	10.66
Dec. 31, 2018	634,778	69,826,989	0.08	0.08	0.63	81.93	9.09
Dec. 31, 2017	390,744	36,282,167	0.08	0.08	0.33	98.82	10.77
Dec. 31, 2016	310,166	30,701,556	0.08	0.08	0.10	36.05	10.10

- (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

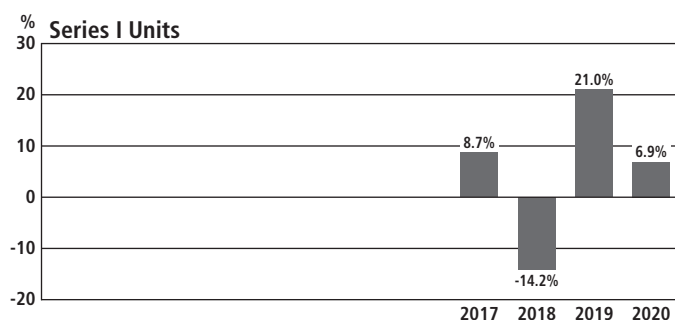
The Manager is not entitled to a management fee payable by the Fund in respect of Series I units. The management fee is negotiable and paid by unitholders directly to the Manager.

## 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 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
<b>Series I</b>	% 6.9	3.6	-	-	5.0
S&P/TSX Composite Index	% 5.6	5.7	-	-	6.8

## Index Descriptions

S&P/TSX Composite Index – This is a broad economic sector index comprising approximately 95% of the market capitalization for Canadian-based, Toronto Stock Exchange listed companies.

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 Industry	% of net asset value <sup>(1)</sup>
Materials	23.7
Financials	23.3
Industrials	14.5
Consumer Discretionary	11.0
Information Technology	7.1
Consumer Staples	6.9
Energy	5.6
Communication Services	5.0
Cash and Cash Equivalents	0.9
Utilities	0.8
Real Estate	0.6
Other Net Assets (Liabilities)	0.5
Health Care	0.1

## Top 25 Holdings

Issuer	% of net asset value <sup>(1)</sup>
Shopify Inc., Class A	4.3
Royal Bank of Canada	3.5
Toronto-Dominion Bank, The	2.8
Canadian National Railway Company	2.0
Intertape Polymer Group Inc.	1.6
Canfor Corporation	1.6
Canadian Imperial Bank of Commerce	1.6
Manulife Financial Corporation	1.5
CanWel Building Materials Group Ltd.	1.5
Canaccord Financial Inc.	1.4
Sun Life Financial Inc.	1.4
Transcontinental Inc., Class A	1.4
Interfor Corporation	1.4
goeasy Ltd.	1.4
Barrick Gold Corporation	1.3
Leon's Furniture Ltd.	1.3
Sleep Country Canada Holdings Inc.	1.2
Corus Entertainment Inc., Class B	1.2
Bank of Nova Scotia, The	1.2
Bank of Montreal	1.2
Canadian Pacific Railway Limited	1.2
Richards Packaging Income Fund	1.2
North West Company Inc.	1.2
Dundee Precious Metals Inc.	1.1
TFI International Inc.	1.1

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

