

Dynamic U.S. Equity Income Fund

Interim Management Report of Fund Performance

For the period ended December 31, 2017

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling toll-free 1-800-268-8186, by writing to us at 1832 Asset Management L.P., Dynamic Funds Tower, 1 Adelaide Street East, 28th Floor, Toronto, ON, M5C 2V9 or by visiting our website at www.dynamic.ca 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 annual 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 Dynamic U.S. Equity Income Fund.

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 "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.

Results of Operations

For the six month period ended at December 31, 2017 (the "period"), the Series A units of the Fund returned 4.0%. 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 Series A 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 500 Index (C\$), returned 7.4% 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.

The Fund underperformed the broad-based benchmark primarily as a result of security selection within the Health Care and Information Technology sectors. However, Information

Technology was the largest contributor to portfolio returns on an absolute basis. Some of the top performing names in the sector did not pay dividends and, as a result, we did not own them in our equity income focused portfolio. We underweight the sector by design, as it is the largest sector in the index and we believe it is prudent, from a diversification standpoint, to remain so.

U.S. equities advanced over the final six months of the year, breaking into double-digit return territory and extending the already impressive strength witnessed in the first half of the year. Investors were encouraged by the continued growth in corporate earnings, supported by robust economic data both at home and abroad. Despite the escalating rhetoric between U.S. President Donald Trump and North Korea, volatility remained muted with markets more focused on U.S. negotiations to reduce corporate taxes, which came to pass in late December. Within the market, Information Technology stocks continued to maintain their performance lead. Meanwhile, a rebound in bond yields from the year's lows, driven by increasing inflation expectations and tightening monetary policy, helped buoy Financials while weighing down defensive sectors such as Utilities and Real Estate.

The Fund added to its U.S. equity exposure over the six month period, bringing cash down to a more neutral level. Exposure was added to the Financials, Health Care and Materials sectors as select opportunities arose. Weightings in other sectors were held relatively steady. The increase in Financials boosted it to the third largest sector allocation, overtaking Consumer Staples holdings. Information Technology remained the top sector weight, followed closely by Health Care.

In terms of performance, Information Technology holdings were the largest absolute contributors, followed by Consumer Staples and Financials. Health Care was the only sector to end the period with negative performance, where one holding had an outsized impact. Notable individual contributors included Microsoft Corporation, Wal-Mart Stores Inc. and Texas Instruments while Allergan and Altria Group were the largest individual detractors.

The Fund's net asset value increased by 32.5% to \$116.1 million at December 31, 2017, from \$87.6 million at June 30, 2017. This change was composed of net sales of \$24.6 million, investment performance of \$4.7 million and cash distributions of \$0.8 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.

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

Change to Risk Classification Methodology

Effective November 17, 2017, the Manager has implemented a new Risk Classification Methodology recently mandated by the Canadian Securities Administrators, which is used to determine the investment risk level of the Fund. There are no changes to the investment risk level, investment objectives or strategies of the Fund as a result of the implementation.

IFRS 9, Financial Instruments

The final version of IFRS 9, Financial Instruments was issued by the International Accounting Standards Board ("IASB") in July 2014 and will replace IAS 39, Financial Instruments: Recognition and Measurement, related to the classification and measurement of financial assets and financial liabilities.

IFRS 9 relates to the classification and measurement of financial assets and financial liabilities in the Fund. The new standard is effective for the Fund for the fiscal year beginning July 1, 2018. The Manager has been evaluating the standard and has currently determined that the impact to the Fund will include additional disclosures related to changes to the classification of certain financial instruments to align with the classifications under IFRS 9. Adoption of the standard will not impact net assets attributable to holders of redeemable units.

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. and Tangerine Investment Funds Limited, each a mutual fund dealer, and Scotia Capital Inc. (which includes ScotiaMcLeod and Scotia iTRADE), an investment dealer.

On August 4, 2017, Industrial Alliance Insurance and Financial Services Inc. completed its acquisition of HollisWealth including HollisWealth Advisory Services Inc. (collectively, "HollisWealth"), a related party of the Manager. As such, HollisWealth ceased to be a related party.

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 calculated and paid monthly.

Fixed Administration Fees and Other Fund Costs

The Manager pays the operating expenses of the Fund, other than Other 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 (“Other Fund Costs”). Further details about Other 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.

Distribution Services

Certain registered dealers through which units of the Fund are distributed are related parties to the Fund and the Manager. The Manager pays to these related parties a trailer commission out of its management fees, representing distribution and servicing fees, based on the amount of assets held in the investors’ accounts. These fees are paid on the same basis and at the same rates that the Manager pays to non-affiliated dealers.

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, 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, Carol S. Perry (Chair), Brahm Gelfand, Simon Hitzig, D. Murray Paton 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 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;
- Entering into securities lending transactions 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 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 down 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⁾	
Series A												
Dec. 31, 2017	10.94	0.11	(0.14)	0.11	0.40	0.48	–	–	–	(0.20)	(0.20)	11.17
June 30, 2017*	10.00	0.19	(0.24)	0.05	0.60	0.60	–	–	–	(0.33)	(0.33)	10.94
* The start date for Series A was September 1, 2016.												
Series F												
Dec. 31, 2017	10.94	0.11	(0.08)	0.13	0.34	0.50	–	–	(0.06)	(0.19)	(0.25)	11.18
June 30, 2017*	10.00	0.19	(0.14)	0.09	0.52	0.66	–	–	–	(0.43)	(0.43)	10.94
* The start date for Series F was September 1, 2016.												
Series FL												
Dec. 31, 2017	10.84	0.11	(0.08)	(0.09)	0.41	0.35	–	–	(0.06)	(0.19)	(0.25)	10.93
June 30, 2017*	10.00	0.19	(0.14)	0.25	0.41	0.71	–	–	–	(0.43)	(0.43)	10.84
* The start date for Series FL was September 1, 2016.												
Series FN												
Dec. 31, 2017	10.86	0.11	(0.08)	0.41	0.28	0.72	–	–	(0.06)	(0.19)	(0.25)	11.31
June 30, 2017*	10.00	0.17	(0.14)	(0.39)	1.43	1.07	–	–	–	(0.43)	(0.43)	10.86
* The start date for Series FN was September 1, 2016.												
Series L												
Dec. 31, 2017	10.86	0.11	(0.14)	(0.08)	0.50	0.39	–	–	–	(0.19)	(0.19)	10.94
June 30, 2017*	10.00	0.19	(0.24)	0.16	0.04	0.15	–	–	–	(0.34)	(0.34)	10.86
* The start date for Series L was September 1, 2016.												
Series N												
Dec. 31, 2017	10.81	0.11	(0.14)	0.49	0.21	0.67	–	–	–	(0.20)	(0.20)	11.26
June 30, 2017*	10.00	0.18	(0.23)	(0.45)	1.44	0.94	–	–	–	(0.33)	(0.33)	10.81
* The start date for Series N was September 1, 2016.												

(1) This information is derived from the Fund's interim and audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value calculated for Fund pricing purposes. 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 for the relevant series 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) ⁽¹⁾	Number of units outstanding ⁽¹⁾	Management expense ratio ("MER") (%) ⁽²⁾	MER before waivers or absorptions (%) ⁽²⁾	Trading expense ratio (%) ⁽³⁾	Portfolio turnover ratio (%) ⁽⁴⁾	Net asset value per unit (\$) ⁽⁵⁾
Series A							
Dec. 31, 2017	47,834	4,284,287	2.23*	2.27*	0.06*	25.18	11.17
June 30, 2017	35,072	3,205,436	2.23*	2.45*	0.11*	68.16	10.94

As at	Total net asset value (in \$000s) ⁽¹⁾	Number of units outstanding ⁽¹⁾	Management expense ratio ("MER") (%) ⁽²⁾	MER before waivers or absorptions (%) ⁽²⁾	Trading expense ratio (%) ⁽³⁾	Portfolio turnover ratio (%) ⁽⁴⁾	Net asset value per unit (\$)
Series F							
Dec. 31, 2017	17,897	1,601,081	1.13*	1.13*	0.06*	25.18	11.18
June 30, 2017	18,686	1,708,104	1.14*	1.29*	0.11*	68.16	10.94
Series FL							
Dec. 31, 2017	8,854	810,065	1.14*	1.15*	0.06*	25.18	10.93
June 30, 2017	7,103	654,955	1.14*	1.23*	0.11*	68.16	10.84
Series FN							
Dec. 31, 2017	9,816	867,835	1.14*	1.15*	0.06*	25.18	11.31
June 30, 2017	6,772	623,482	1.14*	1.19*	0.11*	68.16	10.86
Series L							
Dec. 31, 2017	18,102	1,655,046	2.23*	2.33*	0.06*	25.18	10.94
June 30, 2017	10,204	939,928	2.23*	2.56*	0.11*	68.16	10.86
Series N							
Dec. 31, 2017	13,578	1,206,066	2.23*	2.29*	0.06*	25.18	11.26
June 30, 2017	9,768	903,440	2.23*	2.47*	0.11*	68.16	10.81

* Annualized

(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 of each series of the Fund, including sales tax and a proportionate share of underlying fund expenses (includes other 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. The MER excludes trading commissions and other portfolio transaction costs.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs 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 management fee is an annualized rate based on the net asset value of each series of the Fund, accrued daily and calculated 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 [†] (%)
Series A	1.85	45.6	54.4
Series F	0.85	—	100.0
Series FL	0.85	—	100.0
Series FN	0.85	—	100.0
Series L	1.85	49.1	50.9
Series N	1.85	54.0	46.0

[†] 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 shares of the relevant series. In addition, the information does not take into account sales, redemption,

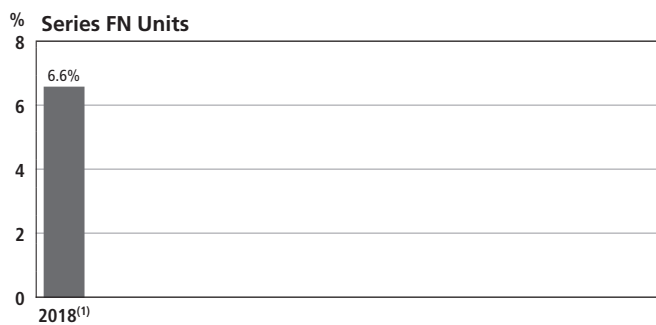
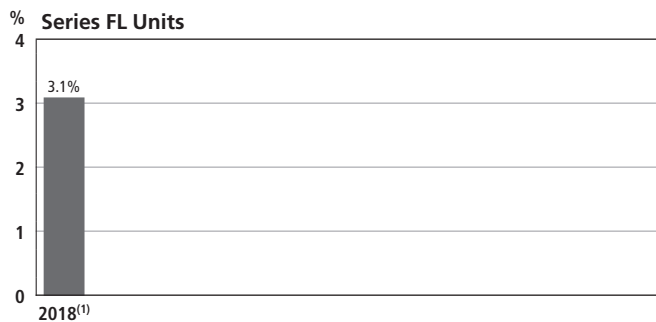
distribution or other optional charges that would have reduced returns or performance.

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 fiscal year would have increased or decreased by the last day of each fiscal year for that series.

(for fiscal years ended June 30)





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 1-800-268-8186, or by visiting www.dynamic.ca, 60 days after quarter end, except for June 30, which is the fiscal year end, when they are available after 90 days.

By Asset Type	Percentage of net asset value [†]
Equities	86.3
Cash and Short Term Instruments (Bank Overdraft)	6.8
Foreign Equities – Real Estate Investment Trusts	6.0
Other Net Assets (Liabilities)	0.9

By Country / Region ⁽¹⁾	Percentage of net asset value [†]
United States	88.1
Cash and Short Term Instruments (Bank Overdraft)	6.8
United Kingdom	2.3
Belgium	1.9

By Industry ⁽¹⁾⁽²⁾	Percentage of net asset value [†]
Information Technology	17.4
Health Care	16.1
Financials	11.6
Consumer Staples	10.8
Consumer Discretionary	9.1
Industrials	7.7
Cash and Short Term Instruments (Bank Overdraft)	6.8
Real Estate	6.0
Materials	5.7
Energy	4.7
Utilities	1.7
Telecommunication Services	1.5

(1) Six month period ended December 31, 2017.

Top 25 Holdings	Percentage of net asset value[†]
Cash and Short Term Instruments (Bank Overdraft)	6.8
Oracle Corporation	3.1
Microsoft Corporation	3.0
Merck & Co., Inc.	3.0
Mondelez International, Inc., Class "A"	2.9
Allergan PLC	2.8
DowDuPont Inc.	2.7
Citigroup Inc.	2.6
United Technologies Corporation	2.5
Coca-Cola Company (The)	2.5
Apple Inc.	2.5
Medtronic PLC	2.4
Starbucks Corporation	2.4
Pioneer Natural Resources Company	2.4
EOG Resources, Inc.	2.4
Shire PLC, ADR	2.3
Pfizer Inc.	2.2
Visa Inc., Class "A"	2.1
Wal-Mart Stores, Inc.	2.1
Wells Fargo & Company	2.1
PPG Industries, Inc.	2.0
Cisco Systems, Inc.	2.0
JPMorgan Chase & Co.	2.0
Comcast Corporation, Class "A"	2.0
Anheuser-Busch InBev NV/SA, Sponsored ADR	1.9

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

(2) Excludes bonds and debentures.

† Based on the net asset value, therefore, weightings presented in the Schedule of Investments will differ from the ones disclosed above.