

## Prospectus

Relating to the continuous offering of Investment Shares (the "Shares") of

**Scotia Sustainable Global Corporate Bond Fund, *Class K, F and I Shares***

**Scotia Sustainable Global Equity Fund, *Class K, F and I shares***

**Scotia Sustainable Emerging Markets Equity Fund, *Class K, F and I shares***

(collectively referred to as "Funds")

(an exempted company existing under the laws of the Cayman Islands)

Effective from 21<sup>st</sup> February 2022

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*This prospectus contains information to help you make an informed investment decision and to help you understand your rights. It contains information about Scotia Sustainable Global Corporate Bond Fund Inc., Scotia Sustainable Global Equity Fund Inc., and Scotia Sustainable Emerging Markets Equity Fund Inc. (the "Funds"), as well as the names of persons responsible for the organization and management thereof. You are encouraged to read this prospectus in its entirety, together with any addenda and supplements hereto, prior to making any investment decision.*

## GLOSSARY OF TERMS

**"Administrator"** means Scotiabank & Trust (Cayman) Ltd., in its capacity as administrator of the Fund, and any successor administrator.

**"Affiliated Company(s)" or "Affiliate(s)"** means an affiliated body corporate or affiliated person as described below:

- (a)
  - (i) one body corporate is affiliated with another body corporate if one of them is the subsidiary of the other, or both are subsidiaries of the same body corporate, or each of them is controlled by the same person; and
  - (ii) if two bodies corporate are affiliated with the same body corporate at the same time, they are affiliated with each other;
- (b) a body corporate is the holding body corporate of another if that other body corporate is its subsidiary; and
- (c) a person that is not a body corporate or an individual is considered to be an affiliated person of another person, including a body corporate, if it is controlled by that other, provided that a person is controlled by another person, if
  - (i) in the case of a partnership, the second-mentioned person owns or holds more than fifty percent of the interest in the partnership; and
  - (ii) in the case of the first-mentioned person other than a body corporate, an individual, or a partnership, securities of the first-mentioned person carrying more than fifty percent of the interests in such person are held or owned, by or for the benefit of the second-mentioned person.

**"Articles of Association" or "Articles"** means the articles of association of the Fund, as amended and restated.

**"Board of Directors"** means the board of directors of the Fund.

**"Business Day"** means a day on which the New York Stock Exchange is open for business.

**"CariCRIS"** means the Caribbean's regional credit rating agency of Caribbean Information & Credit Rating Services Limited.

**"Class"** means a class of Shares of the Fund.

**"Close of Business"** see definition for "Cut Off Time".

**"Custodian"** means a body corporate or corporation or such other person that may be appointed in its capacity as custodian in respect of the assets of the Fund from time to time.

**"Custodian Agreement"** means a custodian agreement dated May 4, 2021 between the Custodian and the Funds.

**"Cut Off Time"** means 4:00 pm in the United States Eastern Time Zone (for the avoidance of any doubt, being such time as New York City observes) on a day that the New York Stock Exchange is open for business or before the New York Stock Exchange closes for the day, whichever is earlier. All instructions should be received by the Manager electronically by this Cut Off Time. Accordingly, each Distributor can set an earlier cut off time for its clients to ensure that the Manager's Cut Off Time is met.

**"Dealing Day"** means each Business Day or such other day or days as the Directors may from time to time prescribe.

**"Directors"** means persons duly appointed or elected from time to time as directors of the Fund.

**"Distribution(s)"** means income, whether in the form of capital gains, dividends or interest, earned by the Fund and distributed to their shareholders.

**"Distributor"** means any distributor or sub-distributor of the Fund.

**"Fund(s)"** means Scotia Sustainable Global Corporate Bond Fund Inc., Scotia Sustainable Global Equity Fund Inc., and Scotia Sustainable Emerging Markets Equity Fund Inc..

**"Governance Share(s)"** means shares in the authorized capital of the Fund designated as "Governance Shares".

**"Institutional Investors"** means certain individual investors who make large investments (minimum of US\$500,000) in the Shares of the Fund, and who enter into an agreement directly with the Manager which identifies the management fees negotiated between the investor and the Manager.

**"Investment Grade"** refers to the investment quality of a debt security. In order to be considered an Investment Grade debt security, the security must be rated 'BBB-' or higher by Standard & Poor's, or 'CariBBB-' or higher by the CariCRIS regional ratings scale.

**"Investment Shares"** has the same meaning as "Shares".

**"Management Fee"** means an annual fee charged to the Fund(s) on certain classes of Shares or, in the case of Class I Shares, to a holder of such Shares, by the Manager for services provided. The fee is calculated as a percentage of the net asset value of the respective class of Shares.

**"Manager"** means Scotiabank & Trust (Cayman) Ltd. in its capacity as manager of the Fund, and any successor manager.

**"Memorandum of Association"** means the memorandum of association of the Fund, as amended from time to time.

**"Net Asset Value" or "NAV"** means the net asset value of the Fund or a particular class of Shares of the Fund calculated as the market value of all assets less all liabilities of the Fund or class of Shares of the Fund on a Dealing Day.

**"Net Asset Value per Share"** means the net asset value of an individual Share of the Fund, calculated as the market value of all assets of the class of Shares of the Fund to which such Share belongs less all liabilities of the class and divided by the number of Shares in that class.

**"Prospectus"** means this prospectus as amended, supplemented or restated.

**"Portfolio Manager"** means the portfolio manager of the Fund and any successor portfolio manager.

**"Redemption Request"** means a request made by or on behalf of a shareholder in writing or in such other manner as may be acceptable to the Manager to redeem the Shares held by or on behalf of a shareholder in the Fund.

**"Settlement Date"** means the date by which the transfer of cash or payment for assets (or vice-versa) must be completed for an executed order.

**"Shares"** means shares in the authorized capital of the Fund designated as "Investment Shares" and offered pursuant to this Prospectus.

**"Shareholder"** means a person who is registered on the register of shareholders of the Fund as the holder of a Share or Shares of the Fund.

**"Sub-Administrator"** means the sub-administrator of the Fund and any successor sub-administrator.

**"Sub-Administration Agreement"** means a sub-administration agreement dated May 4, 2021 between the Sub-Administrator, the Manager and the Fund.

**"Subscription Form"** means the form completed by a subscriber to acquire Shares of the Fund.

**"Underlying Funds"** means other mutual funds into which the Fund invests.

**"US Dollar(s)" and "US\$"** means the lawful currency of the United States of America.





## MANAGEMENT AND ADMINISTRATION DIRECTORY

### Registered and Principal Office of the Funds

The offices of Scotiabank & Trust (Cayman) Ltd.  
18 Forum Lane, 2nd Floor, Camana Bay, Grand Cayman, P. O. Box 501, KY1-1106  
Cayman Islands, BWI  
[ky.scotiabank.com/personal/investing/scotiabank-mutual-funds-legal-documents.html](http://ky.scotiabank.com/personal/investing/scotiabank-mutual-funds-legal-documents.html)  
[customercarecayman@scotiabank.com](mailto:customercarecayman@scotiabank.com)

### Manager and Distributor

Scotiabank & Trust (Cayman) Ltd.  
18 Forum Lane, 2nd Floor, Camana Bay, Grand Cayman, P. O. Box 501, KY1-1106  
Cayman Islands, BWI  
[ky.scotiabank.com/personal/investing/scotiabank-mutual-funds-legal-documents.html](http://ky.scotiabank.com/personal/investing/scotiabank-mutual-funds-legal-documents.html)  
[customercarecayman@scotiabank.com](mailto:customercarecayman@scotiabank.com)

### Portfolio Manager

Jarislowsky, Fraser Limited.  
1010 Sherbrooke Street West, 20th Floor  
Montreal, QC H3A 2R7  
Canada  
[www.jflglobal.com/en/](http://www.jflglobal.com/en/)

### Custodian

State Street Bank and Trust Company  
State Street Financial Center  
One Lincoln Street  
Boston MA 02111  
USA  
[www.statestreet.com](http://www.statestreet.com)  
[information@statestreet.com](mailto:information@statestreet.com)

### Administrator

Scotiabank & Trust (Cayman) Ltd.

18 Forum Lane, 2nd Floor, Camana Bay, Grand Cayman, P. O. Box 501, KY1-1106 Cayman Islands, BWI  
Cayman Islands, BWI  
[ky.scotiabank.com/personal/investing/scotiabank-mutual-funds-legal-documents.html](http://ky.scotiabank.com/personal/investing/scotiabank-mutual-funds-legal-documents.html)  
customercarecayman@scotiabank.com

### **Sub-Administrator**

State Street Cayman Trust Company, Ltd.  
1 Nexus Way, suite # 5203  
Heliconia Courtyard, Camana Bay,  
Grand Cayman KY1-1205  
Cayman Islands, BWI  
[www.statestreet.com](http://www.statestreet.com)  
information@statestreet.com

### **Auditors**

PricewaterhouseCoopers  
Cayman Islands 18 Forum Lane, P.O. Box 258 Grand Cayman KY1-1104  
Cayman Islands, BWI  
[www.pwc.com/ky](http://www.pwc.com/ky)  
info@ky.pwc.com

### **Registrar and Transfer Agent**

International Financial Data Services Ltd.  
30 Adelaide Street East, Suite 1  
Toronto, ON, M5C 3G9  
Canada  
[www.ifdsgroup.com](http://www.ifdsgroup.com)

## INTRODUCTION

### General

This document is the Prospectus for the offering of Shares of Scotia Sustainable Global Corporate Bond Fund, Scotia Sustainable Global Equity Fund, and Scotia Sustainable Emerging Markets Equity Fund. **If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, attorney, accountant or other financial advisor.** The contents of this Prospectus are not to be construed as a recommendation or advice to any prospective investor in relation to the subscription, purchase, holding or disposition of Shares. Prospective investors should consult their professional advisors accordingly.

No authorized Distributor, sales agent or other person has been authorized to provide any information or to make any representations, whether orally or in writing, other than as described in this Prospectus. Any other information given or representations made by any person must be regarded as unauthorized. Any distribution or reproduction of all or any part of this Prospectus, or the divulgence of its contents other than as specifically set forth herein, is unauthorized.

A decision to subscribe for Shares should be made on the basis of the information contained in this Prospectus and the documents available for inspection specified herein, copies of which may be obtained from the Manager in the Cayman Islands or its duly appointed agents. Neither the delivery of this Prospectus nor the issue of Shares shall imply that there has been no change in the affairs of the Funds since the date of this Prospectus.

The value of Shares is subject to the performance of the investments of the Funds and as these investments are subject to prevailing and unanticipated economic, political and social conditions, the value of such Shares may fall as well as rise. **Past performance of the Funds is not necessarily a guide as to how the Funds will perform in the future, as economic conditions do not remain constant and are subject to change.** The nature of the Funds is such that the Funds should be regarded as mid- to long-term investments (see “Risk Factors”).

No application has been made for the Funds to be listed on any stock exchange. It is not anticipated that an active secondary market in the Shares will develop.

This Prospectus does not purport to be, and should not be construed as, a complete description of the Articles of Association of the Funds. The Articles of Association of the Funds should be reviewed for complete information concerning the rights, privileges and obligations of their shareholders.

Certain information contained in this Prospectus may constitute “forward-looking statements”, which can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “estimate”, “intend”, or “believe” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those described under the heading “Risk Factors” later in this document, actual events or results

or the actual performance of the Funds may differ materially from those reflected or contemplated in such forward-looking statements.

Any person wishing to subscribe for Shares should satisfy himself or herself that, in doing so, he or she complies with the laws of any relevant country, and that he or she obtains any requisite governmental or other consents and observes any other applicable requirements.

Subscribers of Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, incorporation or domicile and which might be relevant to the subscription, holding or disposal of Shares. In making a decision whether to subscribe for Shares in the Funds, subscribers must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. No information or advice herein contained shall constitute advice to a prospective shareholder in respect of his, her or its personal position.

It is important to note that the Shares of the Funds are not guaranteed or insured by any authority. The Funds owns different types of investments depending on their investment objectives. The value of these investments may change from day to day, reflecting changes in interest rates, economic conditions and news about issuers whose securities are held in the Funds. As a result, the value of the Shares in the Funds may go up or down and the value of your investment in the Funds may be more or less when you redeem than when you subscribe for it. Please see the investment objective and strategies for the Funds and an outline of potential risk factors later in this document for further details.

### **Distribution**

This Prospectus does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation would be unlawful.

#### *United States*

Shares of the Funds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**1933 Securities Act**”) or under the securities laws of any State of the United States of America (the “**United States**”), and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons (as such term is defined in Regulation S under the 1933 Securities Act). By subscribing for Shares, subscribers will be deemed to have declared that they are not a U.S. person and are not subscribing for Shares for the account or benefit of any U.S. person. The Funds have not been and will not be registered as an “investment company” with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940, as amended.

#### *Canada*

Shares of the Funds will not be offered, sold, or delivered, directly or indirectly, in Canada, or to, or for the benefit of, any resident thereof, in contravention of the securities laws of Canada or any Province or Territory thereof. By subscribing for Shares, subscribers will be deemed to have

declared that they are not a resident of Canada and are not subscribing for Shares on behalf of any resident of Canada.

#### *Other*

The distribution of this Prospectus and the offering of Shares of the Funds may be restricted in certain other jurisdictions and it is the responsibility of any person in possession of this Prospectus to inform himself of, and to observe, all applicable laws and regulations. Subscribers for Shares should inform themselves of the legal requirements so applying and any applicable exchange control regulations and applicable taxes in the countries of their citizenships, residence or domicile.

## STRUCTURE

### Organization

The Funds were incorporated in the Cayman Islands as an exempted company with limited liability on 29<sup>th</sup> October, 2020 under the Mutual Funds Law of the Cayman Islands.

The Memorandum of Association and Articles of Association of the Funds are available for inspection at the offices of the Manager in the Cayman Islands during normal business hours. Copies of constitutional documents of the Funds are also available upon request.

### Share Capital

The authorized share capital of the Funds consists of 100 fully paid Governance Shares of par value US\$1.00 each and 100,000,000 Shares of par value US\$0.01 each. See "Capitalization" later in this document for further information on the authorized share capital of the Funds and the rights attached to the Shares and Governance Shares of the Funds. The Funds may offer Shares in different classes as described below.

The Directors have adopted resolutions to approve the creation of the classes of Shares described in this Prospectus. Class K, F and I Shares of the Funds are offered for sale to eligible investors as of the date of this Prospectus. Please check with an authorized Distributor which classes of Shares are available for purchase at this time in your jurisdiction.

The Directors of the Funds may further establish one or more classes of Shares for the Funds. Each class may have terms that differ from those governing the other classes, without obtaining the consent of the shareholders of the Funds. Any new class of Shares may be denominated in a different currency. Each class will bear the expenses and liabilities directly attributable to that class and a portion of the Fund's general administrative expenses allocated on the basis of total net assets or another equitable method. The net asset value of each class is calculated separately; however, there is a risk that the expenses or liabilities of one class of Shares may affect the value of the other classes. See "Cross Class Risk" in *Risk Factors – Specific Risks of Mutual Funds* later in this document.

The Directors of the Funds have the power to create, by Directors' resolution, additional currency purchase options for Shares in the future. Any new class of Shares may be denominated in a different currency.

A shareholder's interest in the Funds is limited to the assets held in the Funds associated with the class of Shares in which the shareholder holds his, her or its Shares. There are no option rights that have been granted by the Funds over the Shares.

### **Description of Classes of Shares**

The Funds offers multiple classes of Shares. The Funds currently offers Class K, F and I Shares denominated in US Dollars. The Subscription Form for the Funds will identify what classes of the Funds are available for purchase at this time in your jurisdiction.

Each class of Shares is intended for different kinds of investors:

- (a) Class K Shares, denominated in US Dollars, are only available to investors who participate in a managed account program such as International ScotiaMcLeod Investment Portfolios (iSIP Program) or any other Scotiabank International Wealth Managed Program.
- (b) Class F Shares, denominated in US Dollars, are generally only available to investors who participate in an eligible fee-based program with their registered dealer and who are subject to a periodic asset-based fee rather than commissions on each transaction.
- (c) Class I Shares, denominated in US Dollars, are only available to eligible Institutional Investors that meet minimum investment requirements.

If you cease to satisfy criteria for holding a class of Shares of one of the Funds, the Manager may switch such class into another class of Shares of that Fund as appropriate.

Each class of Shares of the Funds may have different management fees. You will find information about the management fees applicable to each class of Shares under "Fees and Expenses" later in this document.

## **OFFERING OF THE FUND**

### **Fund Profile**

These fund profiles provide specific information about the Funds, their particular investment objective, investment strategies and suitability. Investing in the Funds should not be considered a complete or balanced investment program.

## *Scotia Sustainable Global Corporate Bond Fund*

### Fund Details

Nature of Securities Offered:	Class K, Class F and Class I Shares
Inception Date of the Fund:	May 18, 2021
Currency:	US\$ - Class K, Class F and Class I Shares
Portfolio Manager:	Jarislowsky, Fraser Limited

### Investment Objective

The Scotia Sustainable Global Corporate Bond Fund's primary objective for fixed income management is capital preservation and a stable income stream by investing primarily in global investment grade corporate bonds. The Fund will invest in fixed income securities, meaning bonds and/or preferred shares. Exchange Traded Funds (ETFs) could be used to manage the cash position.

Before a change is made to the fundamental investment objective of the Fund, the prior approval of shareholders is required.

### Investment Strategies

This US dollar-denominated fixed income portfolio seeks to obtain superior risk-adjusted total return primarily from income generated from global investment grade corporate bonds. The portfolio is constructed with the objective of providing yield enhancement as well as sector and geographic diversification on a global basis.

The primary goal for fixed income management is capital preservation and a stable income stream. To achieve this, securities are selected through rigorous fundamental analysis of the issuing company by the firm's in-house research team. The analysis of a company is highly focused on its ability to generate and grow free cash flow, which we believe is a key factor in assessing credit quality. Fundamental analysis on companies is conducted by Jarislowsky Fraser's in-house research team. Corporate issuers have to meet stringent investment criteria, including environment, social and governance considerations, helping to reduce overall risk.

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The Portfolio Manager will use bottom-up strategies to identify multiple sources of value. Bottom-up strategies examine the profiles of individual instruments and are key to the portfolio manager's ability to select undervalued securities.

The Fund may temporarily hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes. Cash may be held by the Fund as cash, or otherwise invested overnight or in short-term securities such as bank deposits or other money market securities.

### Risk Factors

The Fund is subject to the following risks:

- asset-backed and mortgage backed securities risk
- class risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer specific risk
- large transaction risk
- liquidity risk
- U.S. Withholding tax risk
- Concentration risk
- Cross sub fund and cross class risk
- Underlying ETF risk
- Significant security holder risk
- International markets risk
- Inflation risk
- Repurchase and reverse repurchase transaction risk
- Regulatory risk

For additional information on these risks, please see "Risk Factors – Specific Risks of Mutual Funds" later in this document.

### Suitability

This Fund may be suitable for investors who:

- can accept low to medium risk to their capital
- are investing for the medium to long term
- seek to diversify or add to their US dollar portfolio.
- seek stable US dollar-based income derived from global quality fixed income securities

The Fund may be suitable for investors with low to medium tolerance for risk and a medium to long- term investment horizon. The level of risk and the investment horizon associated with any particular investment depends largely on your own personal circumstances and considerations. You should consult your personal investment profile, consult your financial advisor and read the more detailed explanation of risk under the heading "Risk Factors – Specific Risks of Mutual Funds" later in this document before making a decision whether this Fund is suitable for you.

this document.

### **Investment restrictions**

The Fund is not permitted to:

- purchase securities other than through recognized market facilities unless the purchase price approximates the prevailing market price or is negotiated on an arm's length basis
- have less than seventy percent of its portfolio assets invested in bonds, debentures, notes or similar instruments representing indebtedness, whether secured or unsecured, that have an original tenor of more than one year
- purchase a security of an issuer, if immediately after the purchase, the Fund would hold securities representing more than 10% of the votes attaching to the outstanding voting securities of that issuer, or the outstanding equity securities of that issuer; or
- purchase a security for the purpose of exercising control or direction over, or control or direction over the management of, the issuer of the security.

In the event that any limitation or restriction applicable to the Fund is at any time exceeded, for whatever reason, all such steps that are necessary to remedy the situation, shall be taken within a reasonable period of time thereafter.

Prior approval of the shareholders of the Fund will be required to change the fundamental investment objective of the Fund. Except when prohibited by law or the applicable listing rules, the investment strategies or restrictions of the Fund may be altered by written resolution of the Board of Directors of the Fund, without the consent of the shareholders of the Fund. In the event of such alteration, the Fund will give at least 30 days' prior written notice of an impending change to its shareholders in the form of a modification of or, supplement to, or restatement of, this Prospectus.

### **Borrowing and Use of Leverage**

The Fund will not undertake any borrowings (cash or otherwise) or provide security interest over any of its portfolio assets unless the transaction is temporary and is for the purpose of accommodating requests for the redemption of Shares of the Fund while the Fund effects an orderly liquidation of portfolio assets, or to permit the Fund to settle portfolio transactions and, after giving effect to all permitted borrowings the outstanding amount of all borrowings of the Fund shall not exceed five percent of the portfolio assets of the Fund at market value at the time of borrowing. For the purposes of this section, a transaction shall be deemed to be temporary if the borrowing is repaid within six months from the date of the borrowing.

## *Scotia Sustainable Global Equity Fund*

### Fund Details

Nature of Securities Offered:	Class K, Class F and Class I Shares
Inception Date of the Fund:	May 18, 2021
Currency:	US\$ - Class K, Class F and Class I Shares
Portfolio Manager:	Jarislowsky, Fraser Limited

### Investment Objective

The Scotia Sustainable Global Equity Fund's objective is to provide capital appreciation over the long-term by investing primarily in the equity securities of companies located around the world. Exchange Traded Funds (ETFs) could be used in the Fund to manage the cash position. Foreign currency conversions could also take place.

Before a change is made to the fundamental investment objective of the Fund, the prior approval of shareholders is required.

### Investment Strategies

The Scotia Sustainable Global Equity Fund invests primarily in large U.S. and multinational companies that demonstrate global leadership in their sector. These companies generally have steady growth rates, high returns on invested capital, dominant positions in world markets or their region and strong balance sheets to reduce financial risk. This strategy targets U.S. and international companies that benefit from exposure to economies typically growing at a rate higher than global GDP. The emphasis is on non-cyclical companies with a competitive advantage in their industry.

The Portfolio Manager will use bottom-up strategies to identify multiple sources of value. Bottom-up strategies examine the profiles of individual instruments and are key to the portfolio manager's ability to select undervalued securities.

The Fund may temporarily hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes. Cash may be held by the Fund as cash, or otherwise invested overnight or in short-term securities such as bank deposits or other money market securities. Exchange Traded Funds (ETFs) could be used in the Fund to manage the cash position.

## Risk Factors

The Fund is subject to the following risks:

- class risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- fund-of-funds risk
- issuer specific risk
- large transaction risk
- liquidity risk
- concentration risk
- cross Sub Fund and cross Class risk
- regulatory risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- significant security holder risk
- underlying ETF risk
- emerging markets risk
- international markets risk
- U.S. withholding tax risk
- Short-selling risk
- commodity risk
- equity risk
- smaller company risk

For additional information on these risks, please see "Risk Factors – Specific Risks of Mutual Funds" later in this document.

## Suitability

This Fund may be suitable for investors who:

- seek the growth and diversification potential of investing primarily in the equity securities of companies around the world;
- can accept medium to high risk to their capital;
- and are investing for the long term.

The Fund may be suitable for investors with medium to high tolerance for risk and long- term investment horizon. The level of risk and the investment horizon associated with any particular investment depends largely on your own personal circumstances and considerations. You should consult your personal investment profile, consult your financial advisor and read the more detailed explanation of risk under the heading "Risk Factors – Specific Risks of Mutual Funds" later in this document before making a decision whether this Fund is suitable for you.

## Investment restrictions

The Fund is not permitted to:

- purchase securities other than through recognized market facilities unless the purchase price approximates the prevailing market price or is negotiated on an arm's length basis
- have less than eighty percent of its portfolio assets invested in global equity securities
- purchase a security of an issuer, if immediately after the purchase, the Fund would hold securities representing more than 10% of the votes attaching to the outstanding voting securities of that issuer, or the outstanding equity securities of that issuer; or
- purchase a security for the purpose of exercising control or direction over, or control or direction over the management of, the issuer of the security.

In the event that any limitation or restriction applicable to the Fund is at any time exceeded, for whatever reason, all such steps that are necessary to remedy the situation, shall be taken within a reasonable period of time thereafter.

Prior approval of the shareholders of the Fund will be required to change the fundamental investment objective of the Fund. Except when prohibited by law or the applicable listing rules, the investment strategies or restrictions of the Fund may be altered by written resolution of the Board of Directors of the Fund, without the consent of the shareholders of the Fund. In the event of such alteration, the Fund will give at least 30 days' prior written notice of an impending change to its shareholders in the form of a modification of or, supplement to, or restatement of, this Prospectus.

## Borrowing and Use of Leverage

The Fund will not undertake any borrowings (cash or otherwise) or provide security interest over any of its portfolio assets unless the transaction is temporary and is for the purpose of accommodating requests for the redemption of Shares of the Fund while the Fund effects an orderly liquidation of portfolio assets, or to permit the Fund to settle portfolio transactions and, after giving effect to all permitted borrowings the outstanding amount of all borrowings of the Fund shall not exceed five percent of the portfolio assets of the Fund at market value at the time of borrowing. For the purposes of this section, a transaction shall be deemed to be temporary if the borrowing is repaid within six months from the date of the borrowing.

## *Scotia Sustainable Emerging Markets Equity Fund*

### Fund Details

Nature of Securities Offered:	Class K, Class F and Class I Shares
Inception Date of the Fund:	May 18, 2021
Currency:	US\$ - Class K, Class F and Class I Shares

Portfolio Manager:	Jarislowsky, Fraser Limited
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### Investment Objective

The Scotia Sustainable Emerging Markets Equity Fund's objective is to provide capital appreciation by investing in equity securities companies located in or have exposure to emerging market growth. Exchange Traded Funds (ETFs) could be used in the Fund to manage the cash position. Foreign currency conversions could also take place.

Before a change is made to the fundamental investment objective of the Fund, the prior approval of shareholders is required.

### Investment Strategies

The Scotia Sustainable Emerging Markets Equity Fund invests in companies that typically have superior growth rates, high returns on invested capital, dominant positions in their region and strong balance sheets to reduce financial risk.

The investment team focuses on quality companies that provide exposure to sustainable emerging market growth.

Jarislowsky Fraser's active bottom-up approach invests in local, regional and global companies exposed to emerging countries, with the objective of optimizing exposure to growth in emerging economies. The emphasis is on companies with sustainable growth, with clear competitive advantages in their industry and exposure to countries that meet our country analysis criteria.

The Portfolio Manager will use bottom-up strategies to identify multiple sources of value. Bottom-up strategies examine the profiles of individual instruments and are key to the portfolio manager's ability to select undervalued securities.

The Fund may temporarily hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes. Cash may be held by the Fund as cash, or otherwise invested overnight or in short-term securities such as bank deposits or other money market securities.

### Risk Factors

The Fund is subject to the following risks:

- class risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- fund-of-funds risk

- issuer specific risk
- large transaction risk
- liquidity risk
- concentration risk
- cross Sub Fund and cross Class risk
- fund on fund risk
- regulatory risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- significant security holder risk
- underlying ETF risk
- emerging markets risk
- international markets risk
- liquidity risk
- currency risk
- U.S. withholding tax risk
- Short-selling risk
- commodity risk
- equity risk
- smaller company risk

For additional information on these risks, please see "Risk Factors – Specific Risks of Mutual Funds" later in this document.

### Suitability

This Fund may be suitable for investors who:

- seek the growth and diversification potential of investing primarily in the equity securities of companies located in emerging markets;
- can accept high risk to their capital; and
- are investing for the long term.

The Fund may be suitable for investors with a high tolerance for risk and long- term investment horizon. The level of risk and the investment horizon associated with any particular investment depends largely on your own personal circumstances and considerations. You should consult your personal investment profile, consult your financial advisor and read the more detailed explanation of risk under the heading "Risk Factors – Specific Risks of Mutual Funds" later in this document before making a decision whether this Fund is suitable for you.

### Investment restrictions

The Fund is not permitted to:

- purchase securities other than through recognized market facilities unless the purchase price approximates the prevailing market price or is negotiated on an arm's length basis
- have less than eighty percent of its portfolio assets invested in equity and quasi-equity securities of companies located in or active in emerging market countries
- purchase a security of an issuer, if immediately after the purchase, the Fund would hold securities representing more than 10% of the votes attaching to the outstanding voting securities of that issuer, or the outstanding equity securities of that issuer; or
- purchase a security for the purpose of exercising control or direction over, or control or direction over the management of, the issuer of the security.

In the event that any limitation or restriction applicable to the Fund is at any time exceeded, for whatever reason, all such steps that are necessary to remedy the situation, shall be taken within a reasonable period of time thereafter.

Prior approval of the shareholders of the Fund will be required to change the fundamental investment objective of the Fund. Except when prohibited by law or the applicable listing rules, the investment strategies or restrictions of the Fund may be altered by written resolution of the Board of Directors of the Fund, without the consent of the shareholders of the Fund. In the event of such alteration, the Fund will give at least 30 days' prior written notice of an impending change to its shareholders in the form of a modification of or, supplement to, or restatement of, this Prospectus.

### **Borrowing and Use of Leverage**

The Fund will not undertake any borrowings (cash or otherwise) or provide security interest over any of its portfolio assets unless the transaction is temporary and is for the purpose of accommodating requests for the redemption of Shares of the Fund while the Fund effects an orderly liquidation of portfolio assets, or to permit the Fund to settle portfolio transactions and, after giving effect to all permitted borrowings the outstanding amount of all borrowings of the Fund shall not exceed five percent of the portfolio assets of the Fund at market value at the time of borrowing. For the purposes of this section, a transaction shall be deemed to be temporary if the borrowing is repaid within six months from the date of the borrowing.

## **RISK FACTORS**

### **What are the Risks of Investing in a Mutual Fund?**

Risk is often measured by volatility or the extent to which the net asset value of a mutual fund fluctuates. The value of the Fund's shares can change from day to day for many reasons, including changes in the economy, interest rates, and market news affecting a particular company or industry sector, which the fund may be invested in.

The degree of risk depends on the fund's investment objectives and the types of securities it invests in. A general rule of investing is that the higher the risk, the higher the potential returns.



- Cash equivalent funds - usually offer the least risk as they invest in highly liquid, short-term investments such as treasury bills. Their potential returns are tied to short-term interest rates. At this time, no cash equivalent funds are offered under this Prospectus.
- Bond funds - generally have a medium level of risk as they invest in fixed income securities that fluctuate in value based on changes in interest rates or in the credit quality of the issuer of these bonds. Bond funds typically have higher long-term returns than cash equivalent funds.
- Equity funds - have the highest level of risk as they invest in equity securities, such as common shares, whose prices can rise or fall significantly in a short period of time.

## **Managing Risk**

One way to manage risk is to diversify investments across the three main asset classes: cash, bonds and equities. Since different types of investments tend to move independently from one another, positive performance in one asset class may help offset negative performance in another, thereby reducing a diversified portfolio's volatility and overall risk over the long-term. However, there can be no guarantee such an approach will mitigate risk.

While risk is an important factor to consider when choosing a mutual fund, you should also consider your investment goals and time horizon (i.e. when you will need the money). For example, if you are saving for a large purchase over the short term, you should consider investing in a fund with very low risk. However, if you want your retirement savings to grow over the long term, you should likely put more of the money in funds bearing more risk.

A carefully chosen mix of investments can help reduce risk and still help meet investment goals. A mutual fund representative can assist you in building a portfolio that is suited to your goals and risk comfort level. If your investment goals or tolerance for risk change, you can, and should, change your investments to match your new situation.

## **Specific Risks of Mutual Funds**

Outlined below are some of the most common risks associated with investing in the Fund. To the extent that the Fund invests in underlying funds, it has the same risks as the underlying funds. Accordingly, any reference to the Fund in this section is intended to also refer to any underlying funds that the Fund may invest in.

### *Asset-Backed and Mortgage-Backed Securities Risk*

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

### *Class Risk*

The Fund is available in multiple classes of Shares. All classes of Shares of the Fund share in the common expenses of the Fund. However, expenses applicable to a particular portfolio investment, such as brokerage and interest expenses, and other obligations, are allocated to the relevant class and paid out of the investments and other assets attributable to that class. Although the value of each class is calculated separately, there is a risk that the expenses or liabilities of one class may affect the value of the other classes in the Fund. The Fund as a whole is legally responsible for all the expenses and other obligations of all of its classes. If there are not enough assets attributable to a class to pay its expenses and obligations, assets attributable to the other classes will be used to pay such expenses and other obligations. In such circumstances, the Share price of the other classes will decline by their proportionate share of the shortfall.

### *Concentration Risk*

Mutual funds that concentrate their investments by investing in fewer securities or issuers, or in a single industry, sector, country or geographic region. A relatively high concentration of assets in, or exposure to, a particular industry, geographic region, single issuer or a small number of issuers may reduce the diversification of a mutual fund and may result in increased volatility in the mutual fund's net asset value.

### *Commodity Risk*

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

### *Credit Risk*

To the extent that the Fund invests in fixed income securities, debt securities (including mortgages) or mortgage-backed securities, it will be sensitive to credit risk. Credit risk is the risk that a company, the government or a governmental agency that issued a fixed income or money market security will be unable to make interest payments or pay back the principal. Securities that have a low credit rating have higher credit risk. Lower-rated debt securities issued by companies, governments or governmental agencies in developing countries generally have higher credit risk. Securities issued by well-established companies or by governments or governmental agencies of developed countries generally have lower credit risk. The market value of a debt security can be affected by a change in the issuer's credit rating resulting from a change in the creditworthiness, or perceived creditworthiness, of the issuer. Credit ratings may change over time. Please see "Foreign Investment Risk" later in this document in the case of investments in foreign government debt.

### *Cross Sub Fund and Cross Class Risk*

Some Funds may establish separate Sub Funds or offer two or more Classes of Shares of the same Fund. Although the Net Asset Value of each Sub Fund or Class is calculated separately, there remains a risk that the expenses or liabilities of one Sub Fund or Class of Shares may affect the Net Asset Value of the other Sub Funds or Classes as in the event of the insolvency of the Fund. If one Sub Fund or Class is unable to cover its liabilities, the other Sub Funds or Classes are legally responsible for covering the difference.

### *Currency Risk*

When the Fund buys or holds an investment that is denominated in a currency other than US dollars, changes in the exchange rate between that foreign currency and the US dollar will affect the value of the Fund.

### *Derivatives Risk*

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

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

received under options, forward contracts or other transactions in the event of the default or bankruptcy of a counterparty.

- Investment dealers and futures brokers may hold the Fund's assets on deposit as collateral for a derivative contract. As a result, someone other than the Fund's custodian is responsible for the safekeeping of that portion of the Fund's assets. Where the assets of the Fund are not held by a dealer or broker on a segregated basis, the assets may be subject to the counterparty risk described in the immediately preceding paragraph.
- The regulation of derivatives is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory changes may make it more difficult, or impossible, for the Fund to use certain derivatives.

### *Emerging Markets Risk*

Some mutual funds may invest in foreign companies or governments which may be located in, or operate in, developing countries. In general, securities issued in more developed markets, such as Western Europe and North America, have lower international markets risk. Securities issued in emerging or developing markets, such as Southeast Asia or Latin America, have significant international markets risk and may be exposed to emerging markets risk. Companies in these markets may have limited product lines, markets or resources, making it difficult to measure the value of the company. Political instability, possible corruption, as well as lower standards of business regulation increase the risk of fraud and other legal issues. Mutual funds that invest in emerging market securities may be exposed to greater volatility as a result of such issues.

### *Equity Risk*

Funds that invest in equities, such as common shares, are affected by changes in the general economy and by stock market movements. When the economy is strong, the outlook for many companies will be good, and share prices and stock markets will generally rise, as will the value of a fund that holds shares in these companies. On the other hand, share prices usually decline in times of general economic or industry downturn. The price of equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the value of the overall stock market because of changes in the outlook for those individual companies or the particular industry.

### *Foreign Investment Risk*

Investments in foreign companies, securities and governments are influenced by economic and market conditions in which the governments or companies operate. To the extent the Fund invests in securities of foreign companies or governments (collectively, “**foreign issuers**”), it may be subject to additional risk, including the following:

- The economic environment or the particular economic, political, social or legal factors of a country or geographic region in which the foreign issuer operates may impact the value of its securities.
- Volume, liquidity and price volatility in some foreign stock and bond markets may vary due to the differences in reporting practices and disclosure requirements.

- Stock exchanges, listed companies and investment dealers in foreign countries may be less regulated or have different regulations and reporting practices relative to an investor's local market.
- It can be difficult to trade foreign securities solely through foreign securities markets as they can be less liquid and, due to lower trading volumes, more volatile than securities of comparable issuers traded in investor's local market.
- The extent of foreign reserves and the availability of sufficient foreign exchange may affect the ability of a foreign issuer to meet its obligations.
- Political and social instability, restrictions on the movement of capital and the threat of expropriation or nationalization, can affect the value of investments.

These and other risks can contribute to larger and more frequent price changes among foreign investments.

#### *Fund-of-Funds Risk*

The Fund may invest in securities of underlying mutual funds, including underlying funds managed by the Manager or an affiliate or associate of the Manager. The proportions and types of underlying funds held by the Fund will vary according to the risk and investment objectives of the Fund. If the Fund invests in an underlying fund, the risks associated with investing in that underlying fund include the risks associated with the securities in which the underlying fund invests, along with the other risks of the underlying fund. Accordingly, the Fund takes on the risk of an underlying fund and its respective securities in proportion to its investment in that underlying fund.

To the extent that the Fund invests in underlying funds it has the same risks as the underlying funds. If an underlying fund suspends redemptions, the Fund that invests in the underlying fund may be unable to value part of its portfolio and may be unable to process redemption orders.

#### *Interest Rate Risk*

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

#### *Inflation Risk*

Inflation may result in an increase in prices for goods and services and a corresponding decrease in purchasing power and value of a currency. There is the risk that inflation will outpace or erode investment returns over time.

### *International Markets Risk*

Mutual funds that invest in securities of foreign companies or governments are subject to additional risk.

- The economic environment or the particular economic and political factors of a country or geographic region in which the foreign issuer operates may impact the value of its securities.
- Volume, liquidity and price volatility in some foreign stock and bond markets may vary.
- Stock exchanges, listed companies and investment dealers in foreign countries may be less regulated or have different regulations and reporting practices relative to an investor's local market.
- It may be more difficult to enforce the legal rights of a Fund outside of its home jurisdiction.
- Political and social instability, restrictions on the movement of capital and the threat of expropriation, can affect the value of investments.
- In general, securities issued in more developed markets, such as Western Europe, have lower international markets risk. Securities issued in emerging or developing markets, such as Southeast Asia or Latin America, have significant foreign investment risk and are exposed to the emerging markets risk described above.

### *Issuer-Specific Risk*

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

### *Large Transaction Risk*

Shares of the Fund may be purchased in a large number by an entity or entities such as another investment fund. These types of shareholders may make large purchases or redemptions of the Fund. In the case where an entity purchases a large number of Shares, the Fund may temporarily have a higher than normal cash position until this cash can be invested. In the case of a large redemption, the Fund may be required to sell existing investments at unfavorable prices if it does not have enough cash on hand to fund the redemption. In order to mitigate the

impact of this risk to shareholders, the Fund may require large shareholders to provide notice when significant redemptions are being contemplated.

#### *Liquidity Risk*

Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. Liquidity risk is the possibility that the Fund will not be able to convert its investments into cash when it needs to or will not be able to do so without causing the price of the investments to drop. Some securities are illiquid because of legal restrictions, the nature of the investment itself, settlement terms, a shortage of buyers or sellers, or other reasons. Generally, investments with lower liquidity tend to be subject to more dramatic price changes and this may subject the holder to losses or additional costs. Investments in underlying funds are often subject to restricted transferability, partially gated redemptions, or suspension of redemptions, which significantly increases liquidity risk.

#### *Regulatory Risk*

Some companies may be substantially affected by changes in government policy, such as increased regulation, ownership restrictions, deregulation or reduced government funding. The value of a mutual fund that buys these investments may rise and fall substantially due to changes in these factors.

#### *Significant Securityholder Risk*

Some Funds may have particular investors who own a large proportion of the outstanding shares of the Fund. If one of those investors redeems a large amount of their investment in a Fund, the Fund may have to sell its portfolio investments at unfavourable prices to meet the redemption request, which can result in significant price fluctuations to the net asset value of the Fund and may potentially reduce the returns of the Fund. Conversely, if a large investor were to increase its investment in a Fund, the Fund may have to hold a relatively large portion in cash for a period of time until the portfolio advisor finds suitable investments, which could also negatively impact the performance of the Fund.

#### *Smaller Company Risk*

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

#### *Underlying ETFs Risk*

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

A Fund's ability to realize the full value of an investment in an ETF will depend on its ability to sell such ETF units or shares on a stock exchange. If the Fund chooses to exercise its rights to redeem ETF units or shares, then it may receive less than 100% of the ETF's then net asset value per unit or share. The trading price of the units or shares of ETFs will fluctuate in accordance with changes in the ETFs' net asset value, as well as market supply and demand on the respective stock exchange on which they are listed. Units or shares of an ETF may trade in the market at a premium or discount to the ETF's net asset value per unit or share and there can be no assurance that units or shares will trade at prices that reflect their net asset value. The ETFs are or will be listed stock exchanges; however, there is no assurance that an active public market for an ETF will develop or be sustained.

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

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

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



## MANAGEMENT AND SERVICE PROVIDERS

### Scotiabank Group

The Manager and Jarislowsky, Fraser Limited are both members of the Scotiabank Group (as defined below) and have extensive experience and successful track records in carefully managing investments for their clients. The history of the Scotiabank Group dates back to 1832; Scotiabank (as defined below) is a leading bank in the Americas with over Cdn\$1 trillion in assets and 25 million customers as at January 31, 2019. As companies and personnel within Scotiabank Group direct, control and manage the Funds, the operations of the Funds may give rise to conflicts of interest or duty. The Articles of Association of the Funds contain provisions that authorize the Directors to act notwithstanding such conflicts.

### Scotiabank Group's other activities

The Bank of Nova Scotia ("Scotiabank") is a global financial institution. Scotiabank, together with its affiliates, officers, employees and agents (the "Scotiabank Group"), is engaged in wholesale and retail banking, lending, equity investing, financial and merger and acquisition advisory, underwriting, investment management, brokerage, trustee, custodial and similar activities on a world-wide basis. In addition, members of the Scotiabank Group may manage other funds with objectives identical or similar to or overlapping with those of a Fund. In the course of engaging in these activities, members of the Scotiabank Group may compete with a Fund or provide financing or other services to competitors of a Fund. Members of the Scotiabank Group will be under no obligation to refer any opportunity to a Fund, or refrain from investing in, or providing advice or services to others with respect to any such opportunity. Members of the Scotiabank Group have relationships with a significant number of clients and provide, and will in the future provide, advisory services to its clients. In the course of considering the execution of any transaction on behalf of a Fund, the Manager and/or Jarislowsky, Fraser Limited, may consider a client relationship and may choose not to execute any such transaction for a Fund on account of any such client relationship. In providing services to other clients, a member of the Scotiabank Group may recommend actions that would compete with or otherwise adversely affect a Fund. Members of the Scotiabank Group may from time to time come into the possession of information that could preclude the Manager and/or Jarislowsky, Fraser Limited from taking an action that would be in the best interests of a Fund. In addition, members of the Scotiabank Group have in the past sponsored or advised, and in the future may sponsor or advise, clients that may acquire interests in, provide financing to or otherwise deal with entities, the securities of which may be acquired, held or disposed of by a Fund. Such securities may be, or have been, underwritten, distributed or placed by a member of the Scotiabank Group. A member of the Scotiabank Group may, in certain circumstance, be selling an asset in circumstances in which a Fund is acquiring or retaining the same asset, acquire or dispose of an asset, or take or refrain from taking an action, that may adversely affect a Fund.

Furthermore, a Fund may from time to time acquire and hold investments underwritten, promoted, issued, sold or distributed by a member of the Scotiabank Group.

It is intended that all such transactions would be undertaken on economic terms consistent with market pricing.

It should also be recognized that the terms upon which the Manager and Jarislowsky, Fraser Limited were appointed have not been negotiated at arm's length.

The Articles of Association of a Fund generally do not restrict any actions taken by Scotiabank or its affiliates. Accordingly, no assurance can be given that potentially suitable investments of which Scotiabank may become aware will be offered to the Funds, nor is there any assurance that suitable investments will not be acquired by Scotiabank or other Scotiabank clients.

**The foregoing is not an exhaustive list of potential conflicts associated with the other activities of the Scotiabank Group, and there is no assurance that actions of members of the Scotiabank Group, or their respective clients, will not adversely affect any one or more of the Funds.**

### **Directors of the Funds**

Details of the Directors of the Funds are set out in Appendix I, which forms part of this Prospectus.

The Directors of each Fund may appoint additional Directors from time to time and any Director may be removed by a resolution of the holder of the Management Shares of each Fund, which, in each case, is the Manager. There are no service contracts between any Fund and its respective Directors. Directors may be entitled to receive fees or remunerations from any Fund for serving as a Director. The Directors of a Fund provide for the management and administration of the Fund through delegation to the Manager, subject to the overall supervision of the Fund's Directors.

No Director shall vote in respect of any contract, arrangement or any proposal whatsoever in which he or she has any material interest otherwise than by virtue of his or her interest in Shares, as a Scotiabank employee or his or her interest in any other company as officer or shareholder, provided he or she is not the holder of or beneficially interested in one per cent or more of the issued shares or the voting rights available to members of the relevant company, which is deemed to be a material interest in all circumstances. A Director shall be counted in the quorum at a meeting in relation to any resolution on which he or she is debarred from voting. The Directors can determine their own remuneration, with or without an independent quorum. The Directors can exercise all powers to borrow money. Share capital of each Fund can be increased by ordinary resolution of the Directors of such Fund.

### **Manager**

By agreements dated April 30, 2021 each Fund, as applicable, has appointed Scotiabank & Trust Company (Cayman) Ltd. as Manager to manage its affairs and investments subject to the overall supervision and control of its Board of Directors. The Manager has an unrestricted mutual fund administrator's license issued under the Mutual Funds Law (Revised) of the Cayman Islands and is duly regulated by the Cayman Islands Monetary Authority.

The Manager was incorporated under the laws of the Cayman Islands on August 27, 1965 and has been operating a multi-faceted retail, commercial, institutional and wealth management

model. The Manager's operating model is inclusive of the administration and distribution of the mutual funds since 1999. Details of the Directors of the Manager are set out in Appendix I, which forms part of this Prospectus.

The Manager has responsibility for the general administration of each Fund, but has delegated the performance of most tasks, including, but not limited to, transfer agency services to International Financial Data Services Limited, and custody to State Street Bank and Trust Company, Massachusetts. The Manager is at liberty to provide similar or other services to other funds and companies.

The Manager is entitled to receive a Management Fee computed by reference to the Net Asset Value of each Fund (see "Fees and Expenses"). A Management Agreement may be terminated on sixty days' written notice by either the Manager or the applicable Fund.

### **Portfolio Manager**

The Manager may retain portfolio managers, as appropriate, to provide investment advice for the Funds.

#### *Jarislowsky, Fraser Limited*

By agreement dated May 18, 2021, and 21<sup>st</sup> February, 2022 the Manager has appointed Jarislowsky, Fraser Limited (JFL) to act as the portfolio manager for the Funds. Since May 1, 2018, the Portfolio Manager is a wholly-owned subsidiary of The Bank of Nova Scotia ("Scotiabank") and operates as a distinct business division with investment autonomy. JFL's philosophy, research and decision-making process for investments are independent from Scotiabank and its other asset management businesses. JFL has one wholly-owned subsidiary, Jarislowsky, Fraser USA, Inc.

The Portfolio Manager is a professional investment and portfolio management firm, based in Montreal, Canada. It is a wholly owned subsidiary of Scotiabank. The Portfolio Manager is one of Canada's most experienced investment counselling firms, managing pension funds, foundations, endowment funds, corporate and private portfolios for clients in Canada and internationally – representing approximately U\$33.9 billion in assets under management as at December 31st 2019, which includes U\$23.7 billion in more than 500 institutional accounts. JFL was founded in 1955 as an investment research firm. In the early 1960s, the firm began using this research material to counsel private investors and, in 1966, extended its client base to include institutional investors.

For over six decades, Jarislowsky, Fraser Limited (JFL) has invested in quality, sustainable businesses and advocated for good corporate governance. The Portfolio Manager invest with a long-term perspective, adhering to a philosophy that values high-quality companies with sound business practices and enduring competitive advantages. Environmental, Social and Governance (ESG) analysis is integrated into its bottom-up fundamental analysis as a lens that helps mitigate risk and identify sustainable business models. With a history of collaborative engagement, JFL have held companies accountable for the fair and equal representation of all stakeholders, urged

management teams to focus on long-term value creation and contributed to the founding and development of leading governance and sustainability advocacy organizations.

Jarislowsky, Fraser Limited is registered as a Portfolio Manager with each of Canada's 13 provincial and territorial securities commissions. The firm is also registered as an Investment Fund Manager where required in Canada. Its lead regulator is the l'Autorité des marchés financiers (AMF), registration number 5570. The firm is also registered as an Investment Adviser with the Securities and Exchange Commission in the U.S. since October 7, 1991; SEC number 801-39502.

JFL has a team-based approach that anchors a culture of collaborative decision-making within the Global Investment Team, which is currently comprised of 28 portfolio managers and analysts who are responsible for the in-house fundamental research and managing the firm's equity and fixed income model portfolios.

The Investment Strategy Committee (ISC), the firm's central risk and investment oversight body, oversees the entire investment process to ensure that investment decisions follow the firm's long-standing philosophy and process.

#### *Scotia Sustainable Global Corporate Bond Fund*

Chris Kresic, CFA, joined JFL in June 2010 and is Head, Fixed Income & Asset Allocation, and Portfolio Manager, Fixed Income. He is also a member of the Investment Strategy Committee and the firm's Management Committee. He has 32 years of industry experience and was previously the Head of Fixed Income and Senior Vice President at Mackenzie Financial; a portfolio manager for one of Canada's largest property and casualty insurers; and an analyst at the Bank of Canada. He earned a B.Com (Cum Laude) from the University of Ottawa.

Antoine Potter, CFA, joined the firm in April 2016 and is Managing Director and Portfolio Manager, Fixed Income. He has more than 19 years of investment experience, including 10 years at Bimcor, most recently as Vice-President - Fixed Income. Prior to that, he was Senior Analyst, Bond Investments, at The Great-West Life Assurance Co. Antoine has a BCom (Honours) from the University of Manitoba.

Both Chris Kresic and Antoine Potter are based in JFL's Toronto office located at 20 Queen Street W., Suite 3100, Toronto, Ontario, M5H 3R3.

#### *Scotia Sustainable Global Equity Fund*

Kelly Patrick, CFA, joined JFL in 2006 and is Co-Head of Equities and Portfolio Manager, International and Global Equities. He is also a member of the Investment Strategy Committee and the firm's Management Committee. Kelly has 17 years of industry experience; he has co-managed global equities at JFL since 2012 and was previously a research analyst at the firm. Prior to joining JFL, Kelly spent two years at a private investment firm in Montreal. He has also worked at CIBC World Markets and a private engineering firm, both based in Calgary. He earned

an MBA (Finance) from John Molson School of Business in 2004 and a B.A. from University of Alberta.

Marc Novakoff, CFA, joined JFL in 2003 and is Managing Director and Portfolio Manager, Global Equities and Emerging Markets. He is a member of the Investment Strategy Committee, which he co-chairs. He has 18 years of industry experience and was a research analyst at the firm. Prior to joining JFL, Marc worked for CIBC World Markets in investment banking (Industrial Growth Group) and for Pratt & Whitney Canada as a Design Engineer and Engine Cost Controller. He earned an Engineering Degree (Mechanical) from McGill University and an MBA from Harvard Business School.

Jeremy Schaal, CFA, joined JFL in 2005 and is Managing Director and Portfolio Manager, U.S. & Global Equities, and is a member of Investment Strategy Committee. Jeremy has 15 years of industry experience and has been a research analyst since 2007. He is a graduate of the University of Toronto.

Both Kelly Patrick and Marc A. Novakoff are based in JFL's Montreal office located at 1010 Sherbrooke St. W. 20th floor, Montreal, Quebec, H3A 2R7.

Jeremy Schaal is based in JFL's Toronto office located at 20 Queen Street W., Suite 3100, Toronto, Ontario, M5H 3R3.

#### *Scotia Sustainable Emerging Markets Equity Fund*

Marc Novakoff, CFA, joined JFL in 2003 and is Managing Director and Portfolio Manager, Global Equities and Emerging Markets. He is a member of the Investment Strategy Committee, which he co-chairs. He has 18 years of industry experience and was a research analyst at the firm. Prior to joining JFL, Marc worked for CIBC World Markets in investment banking (Industrial Growth Group) and for Pratt & Whitney Canada as a Design Engineer and Engine Cost Controller. He earned an Engineering Degree (Mechanical) from McGill University and an MBA from Harvard Business School.

Marc A. Novakoff is based in JFL's Montreal office located at 1010 Sherbrooke St. W. 20th floor, Montreal, Quebec, H3A 2R7.

Subject to such terms and conditions as the Directors of the Funds may from time to time impose, the Portfolio Manager is responsible for the day-to-day management of the Funds. The investment management and advice include identifying, evaluating, and monitoring existing investments and potential investments. The Portfolio Manager has power to enter into transactions on behalf of the Funds and is at liberty to provide similar or other services to other funds, persons or companies.

The Portfolio Manager may receive investment advisory fees from the management fee payable to the Manager when applicable. The Portfolio Management Agreement may be terminated on ninety days' written notice by the Portfolio Manager or the Manager. Other than the fees earned by the Portfolio Manager for services provided up to the date of termination, no additional fee will be payable to the Portfolio Manager on termination.

### **Registrar and Transfer Agent**

By agreement dated April 12, 2019 and amended May 4, 2021 International Financial Data Services Limited Partnership (“IFDS”) was appointed Registrar and Transfer Agent of the Funds. In this capacity, IFDS will act as recordkeeping agent, data processing and distribution disbursement agent and perform certain administrative, Trust Accounting and other services on behalf of the Funds.

The Sub-Administrator and IFDS are entitled to a fee payable by the Manager. A Sub-Administration Agreement may be terminated on ninety days' written notice by either the Manager or the Sub-Administrator.

### **Custodian**

By agreement dated May 4, 2021, State Street Bank and Trust Company, a trust company organized under the laws of The Commonwealth of Massachusetts, United States of America, was appointed Custodian to each of the Funds. Its lead regulator is SEC (Securities Exchange Commission). The Custodian provides a full range of banking, global custody and financial services to a worldwide clientele and will hold the assets and uninvested cash of each of the Funds, either directly or through sub-custodians, nominees or agents.

As one of the world's leading investment service providers, State Street Bank and Trust Company provides an array of customized investment solutions to asset managers, pension funds, hedge funds, insurance companies, collective funds, mutual funds and nonprofits. They offer fund accounting, fund administration, custody, securities lending, investment operations outsourcing, recordkeeping, performance and analytics and transfer agency services that are highly scalable and truly global. Recognized as an industry leader in providing global custody services, their custodian network spans more than 100 financial markets. With their expertise and local knowledge, they help their customers control costs, develop and launch competitive new investment products, and expand globally.

The Custodian may receive fees as detailed under “Fees & Expenses”. Each of the Custodian Agreements may be terminated on ninety days' written notice by the Custodian or Fund.

### **Sub-Administrator**

By agreement dated May 4, 2021, the Manager has appointed State Street Cayman Trust Company, Ltd., a trust company duly organized under the laws of the Cayman Islands as Sub-Administrator to perform substantially all of the administration tasks required of the Manager pursuant to the Management Agreements. The Sub-Administrator has an unrestricted mutual fund administrator's license issued under the Mutual Funds Law (as revised) of the Cayman Islands. Its lead regulator is Cayman Islands Money Authority. The Sub-Administrator has responsibility for the general administration of each Fund. The Sub-Administrator is at liberty to provide similar or other services to other funds and companies.

## Indemnification

The terms of appointment of the Manager, the Portfolio Manager, the Administrator, the Sub-Administrator, the Custodian and the Registrar and Transfer Agent provide that such appointees shall be indemnified against all claims, liabilities, expenses and like matters, except in certain circumstances. The Directors and officers of the Funds have the benefit of corresponding provisions in the Articles of Association of the Funds.

## **TRANSACTIONS – PURCHASE, REGISTRATION, REDEMPTION, EXCHANGE AND TRANSFER**

### Transactions

Transactions of the Funds include the subscription, redemption, transfer and/or exchange of Shares, as well as any changes to the registration particulars of Shares. Shares of the Funds are issued or redeemed at the price determined by reference to the net asset value of the Funds on the applicable Dealing Day. See “Valuation” for more information later in this document. In order for transactions to be accepted on a Dealing Day, instructions must be received by the Manager, in good order, by the Cut Off Time. Instructions, in good order, received after the Cut Off Time will be processed on the next Dealing Day.

The transactions of the Funds must be processed through an authorized Distributor.

All instructions should be received by the Manager electronically by the Manager's Cut Off Time or in any other manner deemed appropriate by the Manager. Accordingly, each Distributor can set an earlier cut off time for its clients to ensure that the Manager's Cut Off Time is met.

### Purchase of Shares

Shares of the Funds must be purchased through an authorized Distributor of the Funds.

The initial issue price for Class K, F and I Shares of the Fund will be determined at a later date.

Subsequent subscription price will be determined by reference to the net asset value per Share for a class of Shares on the applicable Dealing Day. See “Valuation” for more information later in this document.

For initial subscription for Shares, the subscriber is required to complete a Subscription Form, or such other form that an authorized Distributor may require, in good order. Subsequently, to invest in the Funds, the subscriber must forward instructions to purchase Shares to the Manager through an authorized Distributor of the Funds. For a subscription to be accepted on a Dealing Day, instructions must be received by the Manager, before the Cut Off Time on such day. Instructions received after the Cut Off Time will be dealt with on the next applicable Dealing Day.

The Manager must receive payment in full within three Business Days of a subscriber placing a subscription order for the Funds. No interest is credited or paid on subscription monies pending the issue of Shares, and no Shares of the Funds will be issued whilst the calculation of its net

asset value is suspended. The Manager reserves the right to cancel a subscription if payment is not received by the Settlement Date. Any expenses and losses suffered by the Funds in the event of non-payment or incomplete payment for a subscription, shall be paid by the authorized Distributor, and the subscriber may be responsible to the authorized Distributor for a failed settlement of a subscription of Shares, depending upon arrangements with that authorized Distributor.

The Manager reserves the right to require, at any time, satisfactory evidence that a subscriber is legally entitled to acquire and hold Shares. When a Subscription Form is accepted and processed by the Manager, a written confirmation of such acceptance is sent to the subscriber by mail, email or other means of written communication within two Business Days. The Manager reserves the right to reject any subscription for Shares in whole or part, whenever deemed appropriate. If a subscription is rejected, the subscription monies will be returned to the subscriber without interest, at the risk and expense of the subscriber, within three Business Days of rejection.

Each class of Shares may have a different minimum initial investment amount and/or minimum subsequent investment amount. Such amounts are set out below and are expressed in US dollars. Where a class is denominated in a currency other than the US dollars, the base currency equivalent of the minimum amount for such class will be calculated at the then current exchange rate.

For Class K, and F Shares of the Funds, the minimum initial investment amount is US\$100,000 and the minimum for each subsequent investment is US\$100, or such other amount in each case as may be prescribed from time to time by the Directors for such class.

For Class I Shares of the Funds, the minimum initial investment is US\$250,000 and the minimum for each subsequent investment is US\$1,000, or such other amount in each case as may be prescribed from time to time by the Directors for such class.

Subscribers in Class K, F, and I Shares may pay an initial sales charge which is negotiated between the subscriber and the authorized Distributor when they buy the Fund. See "Fees and Expenses" later in this document.

Subscriptions for Class K, F, and I Shares may be made through a Pre-Authorized Contribution (PAC) program. If you choose to use PAC, the minimum for the initial investment in Class K and F Shares of the Fund is US\$100,000, and US\$250,000 for Class I and the minimum for each subsequent investment is US\$100 for Class K and F, and US\$1,000 for Class I, or such other amount in each case as may be prescribed from time to time by the Directors for such class.

The Directors have the power to create additional currency purchase options or classes of Shares at any time in the future. Any new class of Shares may be denominated in a different currency and may have investment policies that differ from those of the existing classes of Shares. Shares are offered on a continuous basis.



## **Registration**

Shares are issued in registered form. No certificates will be issued following the purchase of Shares by a subscriber. The Funds will issue a transaction confirmation which will act as confirmation of purchase. The advantage of a confirmation over a certificate is that Shares may be redeemed or transferred without the necessity of surrendering the applicable certificate.

## **Pre-Authorized Contributions (PAC)**

If you wish to make regular investments in Class K, F and/or I Shares of the Funds, you can sign up for a Pre-Authorized Contribution (PAC) program. If you choose to use a PAC, the minimum for the initial investment in Class K, and F Shares of the Funds is US\$100,000 or such other amount in each case as may be prescribed from time to time by the Directors for such class. Following the initial minimum investment, you can make regular pre-authorized contributions of at least US\$100 per transaction for Class K and F and at least US\$1,000 per transaction for Class I by using automatic transfers from your Scotiabank banking account to the Fund(s) selected. You can choose to invest monthly or semi-monthly, on the 1<sup>st</sup> and/or 16<sup>th</sup> day of each month. If such day is not a Business Day, the transaction will be processed the next available Business Day.

Instructions may be sent by a shareholder to the Manager to discontinue the Pre-Authorized Contributions at any time before a scheduled investment date in accordance with our policies. Unless you request it at the time you enroll in the PAC or at any time from your authorized Dealer, you will not receive additional copies of this Prospectus or amendments thereto in connection with purchases of securities under the PAC program. These documents can be found on our website at <http://ky.scotiabank.com>

## **Redemption**

Shareholders may redeem their Shares in the Funds by delivering to an authorized Distributor a request in writing that a specified dollar amount or number of Shares of the relevant class of the Funds be redeemed. Class of Shares of the Funds will be redeemed at the redemption price determined by reference to the net asset value per Share of that class of the Funds on the applicable Dealing Day. See "Valuation" later in this document for more information. For a redemption order to be accepted on a Dealing Day, the instructions to redeem must be received by the Manager in good order before the Cut Off Time on such day. Redemption instructions received after that time will be dealt with on the next applicable Dealing Day. No Shares may be redeemed whilst the calculation of net asset value of the Funds are suspended.

Shares that are redeemed within 90 days of purchase may be subject to a short-term trading fee of up to 2% of the redemption amount paid to the Funds, at the discretion of the Manager.

Payment of redemption proceeds will normally be dispatched by the Manager within seven Business Days after the relevant Dealing Day at the risk and expense of the shareholder, subject to delay where necessary to conduct an orderly liquidation of appropriate assets to satisfy the redemption requests. The details of where such monies are to be forwarded must accompany each redemption instruction. The Manager will reserve the right to insist on instructions being received in writing with regard to payment under the verified signature of the shareholder. When

there are multiple shareholders on an account and the redemption instruction does not provide express payment instructions, proceeds will be divided between and made payable to all the shareholders on the account. Redemption proceeds will be paid in the currency in which you bought the Shares.

The Funds may, in certain circumstances, and by resolution of the Directors of the Funds, satisfy redemptions, in whole or in part, by making (i) “in kind” distributions of its portfolio securities or (ii) distributions consisting of a combination of cash and portfolio securities. To the extent the Funds makes “in kind” distributions, it will allocate such distributions among the shareholders entitled thereto such that each shareholder shall, except for immaterial variances, receive a pro rata portion thereof. Securities distributed “in kind” may not be readily marketable or saleable and may have to be held by shareholders who receive them for an indefinite period of time. Any “in kind” distributions of portfolio securities will not materially prejudice the interests of the remaining shareholders.

The Funds may, in the absolute discretion of the Directors, refuse to make a redemption payment to a shareholder if the Directors suspect or are advised that the payment of any redemption proceeds to such shareholder may result in a breach or violation of any anti-money laundering laws by the Funds or any other person in any relevant jurisdiction, or such refusal is necessary to ensure the compliance by the Funds or its Directors with any anti-money laundering law in any relevant jurisdiction. In such circumstances, and until otherwise instructed by the relevant authority, the Directors may deposit such redemption proceeds in a separate bank account. If the Directors are given permission to pay out such redemption proceeds to the relevant shareholders, such shareholder’s only right against the Company shall be the right to receive the moneys so deposited without interest.

### **Exchange**

Shareholders holding Shares in the Funds may exchange such Shares for shares of certain other funds (“**Select Funds**”) offered by the Manager or its affiliates under a separate prospectus. No exchanges will be allowed between the Funds and Select Funds or classes of Shares denominated in different currencies, or between different classes of Shares of the Funds. The timing and processing rules applicable to purchases and redemptions of Shares will apply to exchanges. In addition, where an exchange is made into the shares of a Select Fund, the timing and processing rules applicable to purchases and redemptions of shares of that Select Fund will apply. Following the exchange of Shares of a Fund into the shares of a Select Fund, the fees, terms and conditions set out in the prospectus for such Select Fund will apply to your acquisition, ownership and redemption of shares of that Select Fund. Please ask your authorized Distributor for the list of Select Funds participating in this program and a copy of the prospectus of Select Funds you wish to acquire.

The exchange for Shares into shares of a Select Fund will be treated as redemption of the Shares held by the shareholder, following which, redemption proceeds, minus the deduction of applicable fees, if any, will be applied to subscribe for Shares in the Select Fund. As the net asset value per Share of a given class differs from a Fund to a Select Fund, following the exchange, you may end up with a number of Shares different from the number you held immediately prior to

the exchange. Administration charges or sales fees may be charged on such transactions with the Funds and/or Select Funds.

It is not anticipated that an active secondary market in the Shares will develop.

### **Transfer of Ownership**

For transfers of ownership in a Fund, signed completed transfers must be forwarded to the Manager through an authorized Distributor of the Funds

. Similarly, when changing names or shareholder registration (for example, by adding shareholders or transferring the Shares), it is necessary to provide a signed completed transfer and open a new account for the transferee.

Shares of a Fund are freely transferrable, subject to the terms and conditions of this Prospectus.

A Fund may decline to register a transfer of Shares:

- (a) unless a fully and duly completed instrument of transfer is provided to the Manager together with any other evidence necessary to show the transferor's right to transfer;
- (b) if the transferee and any person upon whose behalf the transferee would hold them are prohibited from investing in the Fund as described in "Introduction – Distribution" earlier in this document; and
- (c) if following registration, the holdings of a transferee (and the transferor if such be the case) would result in the Shares being subject to compulsory redemption. See "Transactions – Purchase, Registration, Redemption, Transfer and Exchange – Compulsory Redemption of Shares" below.

### **Compulsory Redemption of Shares**

The Board of Directors of the Funds may redeem all or any portion of the Shares held by shareholders in a Fund at the current redemption price, in certain circumstances including, but not limited to, the following:

- (i) the redemption value of the Shares in a Fund held by a shareholder is less than the minimum initial investment amount of the respective class (excluding where caused by declining net asset value), or such other amount or currency as the Directors may determine either generally or in any particular case; or
- (ii) it comes to the notice of the Manager that Shares are owned directly or beneficially in breach of any law or requirement of any country or governmental authority or that any person is not qualified to hold such Shares directly or beneficially by virtue of such law or requirement or that the relevant shareholder has refused or failed to provide satisfactory

evidence that such Shares are not being held in breach of such law or requirement; or

- (iii) it comes to the notice of the Manager that continued direct or beneficial ownership of any Shares might result in pecuniary or financial disadvantage or other adverse consequences to the Fund or any of its shareholders.

Shareholders will be responsible for all the costs and tax consequences, if any, associated with the compulsory redemption of Shares in the event that the Fund in which they invest exercises its right to compulsorily redeem the Shares of a shareholder.

## VALUATION

### Calculation of Net Asset Value

How much a Fund or one of its Shares is worth is called its "net asset value". The net asset value per Share of each class of Shares of a Fund is important because it is the basis upon which Shares of a Fund are purchased and redeemed.

The Funds are valued in US dollars. Each class is valued in its base currency and the US\$ equivalent of its net asset value is then determined, using the then current rate of exchange.

The net asset value per Share of a Fund is the price shareholders pay per Share when they purchase the Shares and the price shareholders receive when they redeem the Share of a Fund.

The Sub-Administrator will calculate a separate net asset value per Share of each class of the Funds as at 4:00 p.m. Eastern Time on each Dealing Day in accordance with the Articles of Association of the Funds and the International Financial Reporting Standards ("IFRS"). The daily net asset value is not independently audited.

The net asset value per Share of a class of the Funds will depend on which class the Share belongs to. The net asset value per Share of each class of the Funds are calculated by:

- adding up the fair market value of the assets of the Fund and determining the proportionate share of the class;
- subtracting the liabilities of the Fund allocated to that class; and
- dividing the remaining value by the total number of outstanding Shares in that class.

The subscription and redemption price per Share of a class of the Fund will thus be equal to the net asset value of that class of the Fund on the relevant Dealing Day divided by the number of Shares in issue or deemed to be in issue for that particular class.

Securities for which market quotations are not readily available are valued at their fair market value using methods which are in accordance with IFRS and which have been approved by the Manager.

## Valuation of Portfolio Securities

For the purpose of calculating the net asset value of a Fund or of a particular class of Shares of a Fund at any time:

- (a) the value of any security which is listed on a stock exchange or a regulated securities market will be the official closing sale price or, if there is no such sale price, the average of the bid and the ask price at that time by the close of trading on such exchange or market, provided however that where the Sub-Administrator considers the prices quoted on some other market to be a fairer indicator of current fair market value of any security, it may use such prices; and
- (b) the value of any security for which market quotations are not readily available will be valued at their fair market value using methods which are in accordance with IFRS and which have been approved by the Manager.

Subject to the approval of the Directors, the Manager may depart from the normal valuation principles if the Manager, in good faith, believes that the use of a different valuation principle or principles is appropriate.

Valuation of certain underlying securities and/or underlying funds may be provided by a member of the Scotiabank Group. The Manager may rely on such valuations without any third party verification thereof.

## Suspension of Valuation

The determination of net asset value of a Fund may be declared suspended by the Directors of the Funds for the whole or part of a period during which:

- (a) by reason of the closure or suspension of trading on any capital market or exchange or over the counter market or for any other reason, the Directors consider it not reasonably practicable for the investments of a Fund to be realized or disposed of or for the net asset value of all or any class of Shares to be fairly determined;
- (b) as a result of an emergency state of affairs, the reasonable disposal or sale of securities of a Fund becomes impracticable or there exist circumstances which the Directors deem will cause material harm or serious prejudice to a Fund or the Fund's shareholders;
- (c) there is a breakdown in the means normally employed by the Directors in ascertaining the value of assets or for any other reason the Directors consider that they cannot ascertain the value of assets of a Fund during the valuation process on the Dealing Day;  
or
- (d) the Directors deem it impracticable to transfer moneys of or for a Fund at applicable exchange rates at any time.

Any such suspension shall be notified to the Cayman Islands Stock Exchange and publicized by the Fund(s) in such manner as the Directors may think fit and shall take effect at such time as the Directors shall declare, but not later than as at the Close of Business on the Business Day next following such declaration. Thereafter there shall be no determination of the net asset value of the Fund(s) until the Directors shall declare the suspension at an end, except that the suspension shall terminate, in any event, on the first Business Day on which:

- (a) the condition giving rise to the suspension shall have ceased to exist; and
- (b) no other condition under which suspension is authorized shall exist.

During any suspension of valuation, the subscription and redemption of Shares will also be suspended for the Fund(s) and any unprocessed redemption requests may be withdrawn in writing during the period of suspension.

## FEES, CHARGES AND EXPENSES

The following sections list the fees and expenses that you may have to pay when you invest in the Funds. As a shareholder, you may have to pay some of these fees and expenses directly. The Funds may also have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Funds.

### Fees and Expenses Payable by the Fund

#### *Management Fee*

The Funds pay a management fee to the Manager for some classes of Shares. Management fees for other classes are paid directly by the shareholders (see "Fees and Expenses Payable Directly by the Shareholders" later in this document). The management fee covers the costs of managing the funds, arranging for investment analysis, recommendations and investment decision making for the funds, arranging for distribution of the funds, marketing and promotion of the funds and providing or arranging for other services. The Manager may also pay trailing commissions to Distributors out of the management fees.

Management fees paid directly by classes of Shares of the Funds are calculated and accrued daily and paid monthly. The maximum annual management fee rate for each class of Shares, which is a percentage of the net asset value of the applicable class of Shares, is set out below. A new class of Shares of the Funds may be subject to different management fees

Fund Name	Class K <sup>1</sup> (%) up to	Class F (%) up to	Class I <sup>2</sup> (%) up to
Scotia Sustainable Global Corporate Bond Fund	0.25	0.50	0.15
Scotia Sustainable Global Equity	0.28	0.95	0.20

Fund Name	Class K <sup>1</sup> (%) up to	Class F (%) up to	Class I <sup>2</sup> (%) up to
Fund			
Scotia Sustainable Emerging Markets Equity Fund	0.28	1.00	0.20

<sup>1</sup> No investment advisory fees of the Funds' Portfolio Manager are charged by the Manager in respect of the Class K. With respect to Class K the registered dealer may pay the Portfolio Manager a portion of the Managed Account Program Fee. The Fund continues to pay certain operating expenses on Class K Shares.

<sup>2</sup>No investment advisory fees of the Funds' Portfolio Manager are charged by the Manager in respect of the Class I. Instead, Class I shareholders negotiate a separate account management fee that is paid directly by the shareholders of Class I Shares to the Manager and the Manager may pay the Portfolio Manager a portion of this fee. See "Fees and Expenses Payable Directly by Shareholders – Management Fees". The Fund continues to pay certain operating expenses on Class I Shares.

The Manager may choose from time to time to absorb any portion of the annual management fees on any class of Shares of the Funds.

There are no fees or remuneration paid by the Funds to the Directors of the Funds.

The prior approval of the holders of Shares will be required to increase fees or expenses chargeable to the Funds. See "Capitalization – Investment Shares" later in this document for more information on the rights attached to Shares. Contracts governing the payment of such fees and expenses to the Funds' service providers may otherwise be varied upon mutual consent of parties thereto.

### *Operating Expenses*

The Funds pay their own operating expenses. These expenses include the fees paid to the Sub-Administrator, Custodian, as well as legal fees, audit and accounting fees, portfolio transaction costs and regulatory filing fees. In addition, the Custodian and the Sub-Administrator are each entitled to be reimbursed by the Funds for all their out-of-pocket disbursements (excluding their normal overhead costs) wholly and exclusively incurred in performance of their duties for the Funds.

The Sub-Administrator and the Registrar and Transfer Agent shall be paid an aggregate annual fee, out of the assets of the Funds, of up to 0.006% of the net asset value of the Fund, calculated in accordance with the Sub-Administration Agreement, with a minimum annual fee of US\$50,000. The Sub-Administrator is also entitled to be reimbursed by the Funds for all of its out-of-pocket expenses (excluding its normal overhead costs) wholly and exclusively incurred in performance of its duties under the Sub-Administration Agreement. Prior written approval of the

parties to the Sub-Administration Agreement is required to make any alternations to the fees payable to the Sub-Administrator thereunder.

The Custodian shall be paid an annual fee, out of the assets of the Funds, of up to 0.06% of the net asset value of the Funds, calculated in accordance with the Custodian Agreement. The Custodian is also entitled to be reimbursed by the Funds for all of its out-of-pocket expenses (excluding its normal overhead costs) wholly and exclusively incurred in performance of its duties under the Custodian Agreement. Prior written approval of the parties to the Custodian Agreement is required to make any alterations to the fees payable to the Custodian thereunder.

Other expenses incurred, paid or accrued by, or on behalf of, the Funds in their ordinary and usual course of business and other direct expenses of the Funds' operations will be charged to the Funds. The Funds shall also pay all extraordinary expenses relating to the operation of the Funds including, without limitation, litigation or extraordinary regulatory expenses.

Each class of Shares of the Funds is responsible for its proportionate share of common Fund expenses in addition to expenses it incurs alone.

No reimbursement will be made to the Manager for any expenses incurred by the Manager for providing or arranging for the provision of investment management services, such as communication, travel, office rent and research.

The Manager may choose to absorb any of these expenses at any time. Such expenses may include, but are not limited to, administrative costs (including but not limited to the cost of printing and distributing periodic reports and statements), interest on borrowed funds, auditing expenses, legal expenses, insurance, licensing, accounting, fees and disbursements of transfer agents, registrars, custodians, sub-custodians and escrow agents and the annual registration fees payable in the Cayman Islands and any other jurisdiction where the Funds may be registered from time to time.

#### *Investment in Other Mutual Funds*

The Funds may invest in other mutual funds ("**underlying funds**"). Such investments will be affected on the terms set out in respective fund purchase agreements or subscription agreements between the Funds and the underlying funds. Any income or distributions on securities of an underlying fund held by the Fund(s) will be, at Fund's discretion, either reinvested into the same underlying fund or paid in cash to the Fund.

Generally, an underlying fund pays its own fees and expenses, which are in addition to the fees and expenses payable by the Fund that invests in the underlying funds.

No management or incentive fees are payable by the Funds if the payment of those fees could reasonably be perceived as a duplication of fees payable by an underlying fund managed by the Manager or Affiliate of the Manager for the same services.

No sales or redemption fees are payable by the Funds when they buy or sell securities of an underlying fund that is managed by the Manager or one of its affiliates or associates or if the



payment of these fees could reasonably be perceived as a duplication of fees paid by an investor in the Funds.

### **Fees and Expenses Payable Directly by Shareholders**

#### *Management Fees*

The management fees for Class I Shares of the Fund are paid directly by Class I shareholders, respectively. Class I shareholders negotiate a separate management fee that is paid directly to the Manager. The management fees paid by Class I shareholders are accrued daily based on the aggregate daily net asset value of Class I Shares of the Fund held by a shareholder at the end of each Business Day and paid quarterly by shareholders to the Manager, plus applicable taxes, by direct billing or, if requested by a shareholder, through an automatic redemption by the Manager of the applicable number of Shares of the Fund held by the shareholder. The redemption proceeds therefrom will be applied by the Manager to the payment of the management fees and applicable taxes, if any.

#### *Sales Charges*

Subscribers in Class K, Class F and Class I Shares of the Fund pay no sales charges to the Manager when buying or selling. Sales charges on Class I Shares are negotiable between the shareholder and the authorized Distributor. The net amount, after deduction of the fees, if any, will be invested in the Fund.

#### *Short-Term Trading Fees*

Shares that are redeemed or exchanged within 90 days of purchase may be subject to a redemption fee of up to 2% of the redemption amount, payable back to the Fund, at the discretion of the Manager.

### **DISTRIBUTION POLICY**

It is not the present intention that any Classes of Shares of the Funds will make any distributions of income or capital gains by way of dividends. Accordingly, the purchase of such Classes may not be a suitable investment for Shareholders seeking regular cash distributions. Income and net realized capital gains will be reflected in the Net Asset Value of the Shares of each Fund. However the Directors of each Fund may authorize dividends in their complete and unfettered discretion from time to time.

### **CAPITALIZATION**

The authorized share capital of each of the Funds is comprised of 100 Governance Shares of par value US\$1.00 each and 100,000,000 Investment Shares of par value US\$0.01 each.

The issued share capital of the Funds at the most recent financial year-end is disclosed in the Fund's financial statements. See "Documents for Inspection" later in this document for more information.

In the event of the Shares being fully subscribed, the holder of the Governance Shares may pass a resolution increasing the authorized share capital by creating additional Shares or additional classes of Shares which may then be offered for subscription.

### **Governance Shares**

The Governance Shares of the Funds:

- (i) rank *pari passu* as between and among themselves;
- (ii) have full voting rights, with one vote for each such Share, save and except for the voting rights expressly given to the Shares;
- (iii) do not have any ownership participation in, and shall not be entitled to any of the benefits or rewards or bear any of the risks derived from, the assets and liabilities of the Funds; and
- (iv) apart from their voting rights, have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon after all the Shares have been repaid in full.

The Governance Shares are accordingly not taken into account in determining the net asset value of the Shares. All of the Governance Shares of the Funds are held by Scotiabank & Trust (Cayman) Ltd., the Manager and Administrator of the Funds.

### **Investment Shares**

The Shares of the Funds have been designated as "Investment Shares". The Investment Shares of a Fund:

- (i) together collectively comprise a 100% ownership participation in, and shall be entitled to all of the benefits and rewards and bear all of the risks derived from, the assets and liabilities of that Fund, and shall each individually comprise an aliquot portion of such benefits, rewards and risks;
- (ii) be non-voting and carry no voting rights on any matters (and the members holding the same shall not be entitled to attend or vote at general meetings of the Fund), save and except that the holders of Shares in the Fund shall be entitled to attend and vote at general meetings of such Fund convened to consider the following matters with respect to the Fund, which matters shall require the approval of a majority of the votes cast at such meetings:
  - (A) a change to the Manager or sub-manager of the Fund, where the successor in each case is not an affiliate of the existing Manager or sub-manager;

- (B) a change to the fundamental investment objectives of the Fund;
  - (C) a change to the auditor of the Fund;
  - (D) a change to the methodology used to calculate the net asset value per Share of the Fund;
  - (E) an increase in fees or expenses charged to the Fund, including, but not limited to, an increase in management fees for such Fund; and
  - (F) the suspension and/or termination of the Fund.
- (iii) carry the right to participate in distributions of the Fund (subject only to the return of the par value of the Governance Shares in the event of liquidation).

The rights and conditions attached to Shares of the Funds may be varied from time to time by a resolution of the Board of Directors of the Funds, save and except that no variation may be made to the rights set out above in sub-paragraph (ii), without compliance with the approval requirements contained therein.

The Shares do not carry any pre-emptive rights.

## TAXATION

The Cayman Islands impose no taxes on income, or capital gains, nor are Shareholders subject to any taxes in the Cayman Islands on income, capital gains, inheritance, wealth or capital transfer or other taxes, as a result of holding such Shares as at the date hereof. The Funds have obtained a written exemption from the Government of the Cayman Islands that, for a period of twenty years from the date of the exemption, no tax hereafter introduced on profits, income, gains or appreciation, or by way of estate duty or inheritance tax would apply to the Funds or their Shares.

No stamp duty is levied by the Government of the Cayman Islands on the issue, transfer or redemption of Shares. No withholding taxes are payable in the Cayman Islands on dividends or other distributions or on redemptions of Shares.

There are no exchange controls and no other restrictions on the transfer of funds to and from the Cayman Islands as at the date hereof.

### **US and UK Tax Withholding and Reporting**

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (or "**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States (such as interest and dividends), (ii) gross proceeds from the sale or disposition of property that can produce U.S. source interest or dividends, (iii) "foreign passthrough payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iv)

payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

The Cayman Islands has signed a Model 1 inter-governmental agreement with the United States (the “**Cayman Islands – U.S. IGA**”) to give effect to the implementation of FATCA. Cayman Islands financial institutions (“**FIs**”) that comply with the requirements of the Cayman Islands – U.S. IGA will be treated as satisfying the due diligence and reporting requirements of FATCA and accordingly will be treated as participating foreign financial institutions for the purposes of FATCA. As such, those FIs will be “deemed compliant” with the requirements of FATCA, will not be subject to withholding tax, and will not be required to close recalcitrant accounts.

Under the terms of the Cayman Islands – U.S. IGA and the relevant regulations, FATCA withholding tax will not be imposed on payments made to the Funds, or on payments made by the Funds to an account holder, except to the extent that the Funds, their investors or any other account holder fails to comply with its obligations under FATCA or the Cayman Islands – U.S. IGA, or otherwise fails to comply with any other obligations it may have to the Funds with respect to the Funds’ obligations under FATCA or the Cayman Islands – U.S. IGA, as applicable. If subject to withholding or required to withhold, such FATCA withholding tax will generally be at the rate of 30% of the relevant payment.

The Cayman Islands has also signed a separate inter-governmental agreement with the United Kingdom (the “**Cayman Islands – UK IGA**”) in broadly similar form to that described above. The Cayman Islands - UK IGA imposes similar requirements, so the Funds will be required to identify accounts held directly or indirectly by “UK Persons” and report information on such UK Persons to the Cayman Islands tax authorities, which will exchange such information annually with the United Kingdom’s tax authority.

The Cayman Islands has also implemented the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the “**CRS**”) which was effective from January 1 2016. The CRS requires “financial institutions” (such as the Funds) to identify, and report information in respect of, specified persons in the jurisdictions which sign and implement the CRS. In 2017, the UK will adopt the CRS and the Cayman Islands - UK IGA will be subsumed into such legislation.

In the future, the Cayman Islands may enter into further inter-governmental agreements, similar to those described above, with other third countries to introduce similar regimes for reporting to such third countries fiscal authorities.

### **Securityholder Consent to Disclosure**

Pursuant to the FATCA rules effective July 1, 2014 (see “US and UK Tax Withholding and Reporting” above), the Funds may be required to provide identity, residency and certain other information of securityholders who are US persons or provide information on accounts held by certain other persons or entities to the US tax authority in order to avoid a 30% US withholding tax from being imposed on US source income such as interest, dividends and proceeds from the sale or disposition of property that can produce US source income and on distributions made by the funds.

By investing in the Funds and, through an authorized Dealer, providing the Manager with your identity and residency information you will be deemed to have consented to the Funds' disclosures of such information to the US and UK tax authority and have acknowledged that:

- (i) the Funds (or its Administrator or Manager) may be required to disclose to the tax authorities in the Funds' jurisdiction certain confidential information in relation to the investor (or its Beneficial<sup>1</sup> Owners and Controlling Persons<sup>2</sup>), including but not limited to the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment;
- (ii) these tax authorities may be required to automatically exchange information as outlined above with the Internal Revenue Service ("IRS") of the United States, the equivalent UK tax authorities and other foreign fiscal authorities;
- (iii) the Funds (or the Administrator or Manager) may be required to disclose to the IRS, the equivalent UK tax authorities and other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact any one of the Funds (or the Administrator or Manager directly) with further enquiries;
- (iv) the Funds may require the investor to provide additional information and/or documentation which the Funds may be required to disclose to the tax authorities in the Cayman Islands;
- (v) in the event an investor does not provide the requested information and/or documentation or provides incorrect information or documents, whether or not that actually leads to compliance failures by the Funds, or a risk of the Funds or its investors being subject to withholding tax under the relevant legislative or inter-governmental agreement, the Funds reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, determining the investor to be a FATCA U.S. Person and/or compulsory redemption of the investor concerned with any losses or damages suffered by the Funds to be deducted from the redemption price or otherwise as the Funds determine; and
- (vi) no investor (or its Beneficial Owners and / or Controlling Persons) affected by any such action or remedy shall have any claim against the Funds (or the Administrator or Manager) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Funds in order to comply with current or any future inter-governmental agreements, or any of the relevant underlying legislation.

Other jurisdictions may impose similar requirements.

All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of FATCA and the CRS on their investment in the Fund.

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<sup>1</sup> This means the natural persons with more than 10% interest by vote or value in the entity.

<sup>2</sup> This means the natural persons who exercise control over the entity (directors, trustees and powers of attorney).

## **General**

The above information is general information only given at the date hereof and does not constitute any form of tax advice or directions to any shareholder of the Funds. Subscribers should consult their own professional advisors on the possible tax, regulatory or exchange control consequences in all relevant jurisdictions, of acquiring, holding, redeeming or selling Shares.

## **FINANCIAL INFORMATION ABOUT THE FUND**

### **Financial Statements and Annual Reporting**

The Funds will prepare annual financial statements in accordance with IFRS. The financial statements will be audited by the Funds' auditor in accordance with International Standards on Auditing.

The audited annual financial statements of the Funds will normally be available to the shareholders within 90 days of the end of each financial year. Copies of the most recent audited financial statements of the Funds can be obtained by shareholders from the Manager. They will also be available for inspection by shareholders during business hours at the office of the Manager. The financial year-end of the Funds is December 31<sup>st</sup>.

### **Quarterly Statements**

Each shareholder will be sent quarterly statements showing the number and the net asset value of the shareholder's Shares in the Fund.

### **Borrowings, Loan Capital and Contingent Liabilities**

As at the date hereof, the Funds do not have any outstanding loan capital or loans made to them, any other borrowings or indebtedness, or any outstanding contingent liabilities or guarantees.

### **Net Asset Values and Asset Allocation Information**

The net asset value per Share of each currently available class of the Funds is published on Bloomberg. In addition, the net asset value per Share of each currently available class of the Funds may be published in local papers.

Fund fact sheets including asset allocation information for the Funds at the end of the previous calendar month will be available on our website at <http://ky.scotiabank.com>.

## **INSPECTION OF DOCUMENTS**

Copies of the following documents are available from the Manager or may be inspected during usual business hours at the offices of the Manager in the Cayman Islands, at the offices of the Portfolio Manager in Canada or at the offices of Scotiabank Trinidad and Tobago Limited located in Scotia Centre, Port of Spain, in Trinidad and Tobago:

- (a) the Memorandum of Association and Articles of Association of the Funds;
- (b) the agreements appointing the Manager and Administrator, the Distributor, the Portfolio Manager, the Administrator, the Sub-Administrator and the Custodian in respect of the Funds;
- (c) the most recent Prospectus; and
- (d) the most recent audited financial statements of the Funds.

Subscribers for Shares are invited to review any publicly available materials relating to the Funds and any other matters regarding this Prospectus, except for proprietary information about the Funds, the Manager, the Portfolio Manager or other Scotiabank Group.

## ADDITIONAL DISCLOSURES

### Cayman Islands Mutual Funds Law

The Funds fall within the definition of a “mutual fund” in terms of the Mutual Funds Law (as revised) of the Cayman Islands (the “**MF Law**”) and accordingly is regulated in terms of the MF Law. The Funds employ a licensed mutual fund administrator to provide a principal office in the Cayman Islands. Accordingly, the obligations of the Funds are: (a) to register with the Managing Director of the Cayman Islands Monetary Authority (the “**Monetary Authority**”) in accordance with terms of the MF Law; (b) to file with the Monetary Authority prescribed details of this Prospectus and any material change to it; (c) to file annually with the Monetary Authority accounts audited by an approved auditor; and (d) to pay a prescribed registration fee and annual fee. Further, as the Funds are a mutual fund under the MF Law the Directors of the Funds must comply with the Director Registration and Licensing Law 2014.

The Monetary Authority may at any time instruct the Funds to have its accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. In addition, the Monetary Authority may ask the Directors of the Funds to give the Monetary Authority such information or such explanation in respect of the Funds as the Monetary Authority may reasonably require to enable it to carry out its duty under the MF Law. The Directors of the Funds must give the Monetary Authority access to or provide at any reasonable time all records relating to the Funds and the Monetary Authority may copy or take an extract of a record to which it is given access. Failure to comply with these requests by the Monetary Authority may result in substantial fines being imposed on the Directors of the Funds and may result in the Monetary Authority applying to the court to have the Funds wound up.

The Monetary Authority may take certain actions if it is satisfied that a regulated mutual fund is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Monetary Authority include, inter alia, the power to require the substitution of the Directors, to appoint a person to advise the Funds on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Funds. There

are other remedies available to the Monetary Authority, including the ability to apply to the court for approval of other actions.

Registration under the MF Law does not involve a detailed examination of the merits of the Funds, or substantive supervision of the investment performance of the Funds by the Cayman Islands Government or the Monetary Authority. There is no financial obligation or compensation scheme imposed on or by the government of the Cayman Islands in favor of or available to the investors in the Funds.

A mutual fund licence issued or a fund registered by the Monetary Authority does not constitute an obligation of the authority to any investor as to the performance or creditworthiness of the Fund. Furthermore, in issuing such a licence or in registering a fund, the Authority shall not be liable for any losses or default of the fund or for the correctness of any opinions or statements expressed in any prospectus or offering document.

### **Cayman Islands Anti-Money Laundering Regulations**

In order to comply with regulations aimed at the prevention of money laundering, the Funds will require verification of identity from all prospective investors (unless the Funds are satisfied in any given case that an exemption under the Money Laundering Regulations (as revised) of the Cayman Islands (the “**Regulations**”) applies). Depending on the circumstances of each subscription, a detailed verification might not be required where:

- (a) a prospective shareholder makes the payment for its investment from an account held in the prospective shareholder’s name at a recognised financial institution;
- (b) the prospective shareholder is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or
- (c) the subscription is made through an intermediary which is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognised by the Cayman Islands as having sufficient anti-money laundering regulations.

The Funds reserve the right to request such information as is necessary to verify the identity of a prospective shareholder. In the event of delay or failure by the prospective shareholder to produce any information required for verification purposes, the Funds may refuse to accept the subscription for Shares and, if so, any funds received will be returned without interest to the account from which the monies were originally debited.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their



attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law, Revised of the Cayman Islands if the disclosure relates to criminal conduct or money laundering or (ii) a police constable not below the rank of inspector, or the Financial Reporting Authority, pursuant to the Terrorism Law (Revised) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

By purchasing any of the Funds, you consent to your financial institution and advisor releasing such documents or information required by the regulators in the Cayman Islands and/or any other pertinent jurisdiction(s) where the Funds may be registered and/or purchased in order to comply with global standards of AML best practices.

### **Cayman Islands Anti-Money Laundering Regulations**

In order to comply with regulations aimed at the prevention of money laundering, the Funds will require verification of identity from all Subscribers. The Funds reserve the right to request such information as is necessary to verify the identity of a Subscriber. In the event of delay or failure by the Subscriber to produce any information required for verification purposes, the Fund may refuse to accept the subscription for Shares and, if so, any funds received will be returned without interest to the account from which the monies were originally debited.

If any person who is resident in the Cayman Islands has a knowledge or suspicion or reasonable grounds for knowledge or suspicion obtained in the course of business that any other person is engaged in money laundering, that person is required to report such knowledge or suspicion pursuant to the Proceeds of Crime Law (as amended) of the Cayman Islands and such reports shall not be treated as a breach of any restriction upon the disclosure of information imposed by any enactment or otherwise.

The Funds have appointed a Compliance Officer (“CO”), Money Laundering Reporting Officer (“MLRO”), and Deputy Money Laundering Reporting Officer (“DMLRO”) of the Funds (collectively, “Officers”). The Officers shall carry out their functions in accordance with the laws of the Cayman Islands.

The CO shall act as point of contact with CIMA, respond to the competent authorities requests for information relating to the Funds’ Anti-Money Laundering Program, provide Anti-Money Laundering/Counter Terrorist Financing (“AML/CTF”) compliance oversight of the Funds’ activities (including the Funds’ investment activity as well as investor-related anti-money laundering issues), establish and maintain appropriate systems and controls (including documented policies and procedures) to ensure compliance with Cayman AML/CTF laws/regulations, oversee audits/testing of the Administrator’s AML/CTF program and KYC documentation, ensure procedures are in place and employees are aware of procedures for the reporting of suspicious activity to the MLRO/DMLRO, maintain logs/records relating to specified scenarios such as rejection of subscriptions, investor account freezes and enhanced due

diligence on politically exposed persons and other high risk investors, advise the Directors of AML/CTF compliance issues that need to be brought to its attention and report periodically to the Directors regarding the state of the Funds' AML/CTF program and controls.

The MLRO shall receive internal suspicious activity reports presented by the Funds, the Administrator or the Manager's staff or other service providers of the Funds as applicable and considering any such report in light of all other relevant information for the purpose of determining whether or not the information or other matter contained in the report gives rise to knowledge or suspicion of criminal conduct pursuant to the Anti-Money Laundering Regulations (as revised), the Proceeds of Crime Law (as revised) and the Guidance Notes on the Prevention and Detection of Money Laundering (as revised), file suspicious activity reports with the Financial Reporting Authority ("FRA") as required, maintain a log of all reports of suspicious activity (including where the filing of a suspicious activity report is not deemed necessary or appropriate), keep the Directors informed of all internal reports of suspicious activity and suspicious activity reports filed with the FRA, to the extent permitted by law and regulation.

In the absence of the MLRO, the DMLRO will be the final decision maker as to whether to file a suspicious activity report.

The Officers are subject to change without prior consent or notice to the Shareholders.

Shareholders may request the Funds provide further particulars of the Officers.

### **Litigation**

No litigation or claims against the Funds or initiated by the Funds are known to the Directors or Manager as at the date hereof.

### **Side Letter Supplements**

The Funds will not issue side letter supplements that grant investors the ability to override the terms of the Fund's Prospectus with respect to their investment in the Funds.

## **POTENTIAL CONFLICTS OF INTEREST**

Scotiabank & Trust (Cayman) Ltd. holds all of the Governance Shares in the Funds and is the Administrator and Manager of the Funds. Scotiabank & Trust (Cayman) Ltd. carries on the business of trading in securities, including securities that would qualify for investment by the Funds, and it may from time to time as a principal enter into transactions in securities which are being purchased or sold for the account of the Funds. A similar situation could arise in respect of dealings in securities by the Manager or its affiliated companies. The Manager may also aggregate transactions entered into on behalf of the Funds with transactions entered into on behalf of itself or third parties, provided that the terms of such transactions are no less

favourable to the Funds than would have been the case had the transactions not been so aggregated.

A majority of the Directors and officers of the Funds are currently either directors or senior officers employed by affiliates of the Manager. The directors of the Manager may from time to time act as directors, manager, investment advisor or distributor in relation to, or be otherwise involved in other funds or collective investment schemes which have similar investment objectives to those of the Funds. Directors may vote on proposals or contracts in which they are materially interested if they first disclose the interest. A Director shall be counted in the quorum at a meeting in relation to any resolution on which he or she is debarred from voting.

The Directors can determine their own remuneration, with or without an independent quorum. The Directors can exercise all powers to borrow money. Share capital of the Funds can be increased by ordinary resolution of the Directors of the Fund.

It is therefore possible that any of them may, in the course of their responsibilities or business, have potential conflicts of interest with the Funds. In such event, each will at all times have regard to his obligations under the Articles of Association of the Funds, the agreements between the Funds and affiliated companies of the Manager, and the obligation to act in the best interests of the shareholders of the Funds when undertaking any transactions where conflicts of interest may arise. Each will also endeavour to ensure that such conflicts are resolved fairly.

In summary, there is no prohibition on dealings in the assets of the Funds with entities related to the Directors of the Funds, the Manager, the Portfolio Manager or their affiliated companies, provided that such transactions are carried out as if effected at arm's length on normal commercial terms. Transactions will be regarded as being effected at arm's length on normal commercial terms if they are executed on terms which the Manager reasonably regards as conforming to normal commercial terms then prevailing.

## **SUBSCRIPTION FORM**

A Subscription Form for purchasing Shares in the Funds may be obtained from the Manager or one of its authorized Distributors.

## **WINDING UP**

The Funds are intended to remain in existence indefinitely.

However, the holders of Governance Shares have the power by special resolution to voluntarily wind up the Funds, except that prior approval of the shareholders of the Funds will be required to terminate and/or suspend the Funds in accordance with the powers granted to the holders of Shares under the Memorandum of Association. On the winding up of the Funds, the assets of the Funds will be liquidated, its liabilities and the costs of the winding up settled, and any surplus remaining thereafter will be distributed on a *pari passu* to the holders of Shares.

#### DATES OF LICENSING/REGISTRATION

Registration/License	Date
The Funds are incorporated as Exempted Companies in the Cayman Islands with Limited Liability to enable registration as Cayman Islands Mutual Funds.	October 29, 2020

It is anticipated that in the future applications may be made to register the Fund in other jurisdictions.

## APPENDIX I - DIRECTORS

### THE FUNDS

The Directors of each Fund are as follows:

<u>Name and Country of Residence</u>	<u>Position held in Scotiabank Group</u>
Adrian Stokes	Head Scotia Jamaica Life Insurance Company
Farried Sulliman; Grenada	Independent Director

### THE MANAGER

The Directors of the Manager are as follows:

<u>Name and Country of Residence</u>	<u>Position held in Scotiabank Group</u>
Sarah Hobbs; Cayman Islands	Managing Director, Scotiabank & Trust (Cayman) Ltd.
Mario Causarano; Cayman Islands	Vice President, International Trust & Wealth Management, The Bank of Nova Scotia
Beth Nottage; Bahamas	Managing Director, The Bank of Nova Scotia International Limited