

Scotia Canadian Equity Fund

Quarterly fund highlights

As of March 31, 2024

Market Review

Canadian equities had a US\$ return of 4.32% in the 1st quarter of 2024. The Canadian equity market reached a record high during the quarter and was driven by strong gains from companies in the energy, health care and industrials sectors. Financial markets were also impacted by positive investor sentiment and continued economic growth, which was likely driven by significant increase in immigration in recent years. The Canadian central bank left its policy interest rate unchanged at 5.00%, although inflation fell to 2.9% in March and the labour market has cooled from overheated levels.

Fund Performance* and Positioning

The Fund had a net return of 4.32% for the 3 months ending March 31, 2024.

The Fund's largest individual holdings that were contributors to quarterly returns were Taiwan Semiconductor, a large global semi-conductor manufacturer, Canadian Pacific, a large North American Railway, Amazon.com, a multinational e-commerce and cloud computing provider. The Fund's selection of securities in the Technology and Consumer Discretionary sectors contributed to returns. The Fund's largest individual holdings that were detractors from quarterly returns were TD Bank, and BCE and Telus, which are both large Canadian Telecommunication companies. The Fund's selection of investments in the Financials sector was the largest detractor from returns.

The Fund reduced its allocation to several securities in the Consumer Discretionary, Consumer Staples and Industrials sectors that had experienced significant gains. The Fund remains defensively positioned with a higher allocation to Healthcare and a lower allocation to Energy and Utilities than the index. The Fund is conservatively invested in high quality businesses with sound business models, strong management, solid fundamentals, and a sufficient margin of safety. The Fund had approximately 18% of its assets invested in the U.S. and Taiwan, in industries with more investment opportunities than Canada. The Fund hedged 50% of its Canadian dollar exposure to reduce foreign exchange risk.

Investment team



Don Simpson
Portfolio Manager
1832 Asset
Management L.P.

Don Simpson has more than 20 years of investment research and portfolio management experience. Don joined 1832 Asset Management L.P. in 2012 as Portfolio Manager after having worked for 8 years as a Portfolio Manager at a different firm. Don received a Bachelor of Business Administration from Bishop's University in 1994 and gained his CFA designation in 1998.



Eric Mencke
Portfolio Manager
1832 Asset
Management L.P.

Eric Mencke has over 20 years of investment industry experience and joined 1832 Asset Management L.P. as a portfolio manager in 2016. Eric was a portfolio manager at a major Canadian mutual fund company for the prior 8 years. He is a CFA charterholder, earned a CPA, CA, designation in 1999, and both a Bachelor of Arts in Administrative and Commercial Studies from Western University, and a Diploma in Accounting from Wilfrid Laurier University in 1995.

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Outlook

Canadian economic growth has remained resilient but is expected to slow due to the impact of higher interest rates and relatively high consumer debt. Although inflation has slowed, it continues to be elevated due to high housing costs. In addition, the labour market has weakened due to an increase in the unemployment rate to 6.1% in February, its highest level since 2017. As a result of these factors, the Bank of Canada is expected to reduce interest rates in the third quarter of 2024. The economy and financial markets may also be impacted from high levels of geopolitical risk.

*As of March 31, 2024, performance returns for the Scotia Canadian Equity Fund are as follows: 1 month: 2.10%, 3 Mos: 4.32%, 6 Mos: 12.83%, YTD: 4.32%, 1 Yr: 11.88%, 3 Yrs: 6.39%, 5 Yrs: 7.85%, 10 Yrs: 1.92%, and since inception (06/23/1994): 5.71%. Performance returns for the S&P/TSX Composite Total Return USD benchmark are as follows: 1 month 4.38%, 3 Mos: 3.89%, 6 Mos: 15.15%, YTD: 3.89%, 1 Yr: 13.97%, 3 Yrs: 6.45%, 5 Yrs: 9.67%, 10 Yrs: 5.50%.

Legal disclaimer

Important information concerning the investment goals, risks, charges and expenses of investing in the mutual funds contained in the Portfolio are contained in the relevant prospectus. Investors should carefully consider these before investing. Copies are available from the financial institution where you are buying the portfolio and should be read carefully before investing. Commissions, management fees and expenses all may be associated with investing in mutual funds. Mutual funds are not guaranteed or covered by your local deposit insurance corporation, other government deposit insurer, the Bank of Nova Scotia, or its subsidiaries/affiliates. Their values change frequently, including the amount of income that you may receive (where applicable), and you may not get back the original amount you invested. Information on performance provided herein is subject to variation and is likely to change over time. Past performance may not be repeated and should not be treated as an indicator of future performance. The indicated rates of return are the historical annual compound total returns including changes in share value and reinvestment of all distributions and do not take into account sales charges or fees, redemptions, distributions or optional charges or income taxes payable by any security holder that would have reduced returns. The foregoing is for informational purposes only and is subject to change without notice. Always consult your professional tax and legal advisors with respect to your particular circumstances. Nothing herein is intended to constitute an offer or solicitation to transact business for products or services in any jurisdiction where such an offer or solicitation would be unlawful. This does not constitute an invitation to purchase or sell shares of the funds. Scotia Funds (formerly Scotiabank Mutual Funds) is the brand name under which the Scotiabank Group of Companies, including Scotiabank & Trust (Cayman) Ltd. and Scotia Investments Jamaica Limited, markets and distributes mutual funds. Scotia Global Asset Management is a business name used by the following legal entities of Scotiabank: Scotia Fondos S.A. de CV Sociedad Operadora de Sociedades de Inversión, Scotia Administradora General de Fondos Chile S.A., Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A, Fiduciaria Colpatría S.A., Scotiabank & Trust (Cayman) Ltd., Scotia Investments Jamaica Ltd, Scotia Investments Trinidad and Tobago Limited ("SITTL"), Scotia Sociedad de Fondos de Inversión, S.A, and 1832 Asset Management L.P., a limited partnership, the general partner of which is wholly owned by Scotiabank. Scotia Global Asset Management offers a range of wealth management solutions, including mutual funds, and investment solutions for private clients, institutional clients and managed asset programs. Net asset value information of the Scotia Funds can be found on Bloomberg, in the Equities section, and on the Cayman Islands Stock Exchange (CSX), website www.csx.ky under "Scotiabank". Scotia Funds are regulated by the Cayman Islands Monetary Authority. TM Trademark of the Bank of Nova Scotia, used under license.