

Quarterly fund performance update

As of June 30, 2020

Fund highlights

Below is information on what specifically affected the performance of each fund, and how the Portfolio Manager is positioning the fund going forward.

Contributors (factors that helped performance)	Detractors (factors that hindered performance)	Positioning at quarter end	Outlook: short-term and long-term
Scotia Money Market Fund (US\$)			
<ul style="list-style-type: none"> < The Fund had a gross yield of 0.63% at quarter-end < Fixed rate securities contributed to returns due to the drop in interest rates < Ultra short-term corporate bonds contributed to performance due to narrower credit spreads 	<ul style="list-style-type: none"> < Fund performance was negatively impacted by the drop in the Federal Funds rate to 0.25% in March < The Fund's yield was impacted by securities that matured and were reinvested at lower rates < Floating rate notes detracted from returns due to the downward pressure on their return 	<ul style="list-style-type: none"> < Increased allocation to overnight deposits for enhanced liquidity and yield < Continued investments in high quality ultra short-term corporate bonds due to their higher yield < A higher allocation to government guaranteed securities to increase liquidity < Exposure to floating rate notes was reduced < Maintain an average term to maturity that was shorter than the benchmark to ensure liquidity < The Fund remains focused on maintaining superior credit quality 	<ul style="list-style-type: none"> < The current level of monetary and fiscal stimulus may not be enough to support the economy, and risk premiums may increase if higher COVID infection rates result in economic closures < Market volatility will remain elevated for the foreseeable future

Quarterly fund performance update

Contributors (factors that helped performance)	Detractors (factors that hindered performance)	Positioning at quarter end	Outlook: short-term and long-term
Scotia US Dollar Bond Fund (US\$)			
<ul style="list-style-type: none"> < The Fund had a return of 3.65% during the quarter, outperforming the benchmark < US interest rate strategies, including duration, yield curve positioning, and security selection, contributed to returns due to lower yields < Security selection within corporate bonds, especially those from financial service companies, also contributed to returns due to narrower credit spreads < Holdings of Mortgage Backed Securities (MBS) and other securitized assets also contributed to returns 	<ul style="list-style-type: none"> < An under allocation to municipal bonds and some exposure to several emerging market currencies detracted from returns 	<ul style="list-style-type: none"> < Prefer US Bonds over bonds from other developed countries due to potential for gains and continued low rates < Favor longer-term bonds but remain mindful that yields may be range bound in the near term due to purchases by the US Federal Reserve < Continued under allocation to corporate bonds due to the potential for higher yields and a widening of credit spreads < Prefer Agency MBS due to attractive valuations, high liquidity, more resiliency and government guarantees 	<ul style="list-style-type: none"> < Focused on investing in high quality bonds due to the potential for higher yields and credit spreads associated with a normal credit cycle < Over the longer-term, inflation may increase and potentially exceed the Fed's target rate
Scotia Global Equity Fund (US\$)			
<ul style="list-style-type: none"> < The Fund had a return of 13.55% during the quarter, underperforming the benchmark < The momentum factor outperformed due to its exposure to the technology sector < The quality factor also outperformed due to its exposure to the technology and health care sector, and underexposure to the financials sector 	<ul style="list-style-type: none"> < The size factor underperformed due to exposure to US small and mid-cap securities < The low volatility factor significantly underperformed due to the strong returns of higher risk securities 	<ul style="list-style-type: none"> < The Fund is invested conservatively and has significant exposure to high quality securities that have low volatility and pay dividends < The Fund has a regional allocation of approximately 55% US, 38% developed international, and 7% emerging markets < The Fund has an under allocation to the momentum and growth factors due to high valuations 	<ul style="list-style-type: none"> < Market gains have been driven by relatively few companies and sectors < Market valuations have increased and reflect a full economic recovery in the near term < Interest rates are expected to remain low to provide economic stability < Above-average market volatility is expected to persist due to an increase in the number of COVID cases, uncertainty regarding the timing of an economic recovery, and higher market valuations

Quarterly fund performance update

Contributors (factors that helped performance)	Detractors (factors that hindered performance)	Positioning at quarter end	Outlook: short-term and long-term
Scotia U.S. Equity Fund (US\$)			
<ul style="list-style-type: none"> < The Fund had a return of 14.69% during the quarter, but underperformed the benchmark < The momentum factor outperformed due to its exposure to the technology sector < The quality factor also outperformed due its exposure to the technology and health care sector, and underexposure to the financials sector 	<ul style="list-style-type: none"> < The size factor underperformed due to exposure to US small and mid-cap securities < The low volatility factor significantly underperformed due to the strong returns of higher risk securities 	<ul style="list-style-type: none"> < The Fund is invested conservatively and has significant exposure to high quality securities that have low volatility and pay dividends < The Fund has an under allocation to the momentum and growth factors due to high valuations 	<ul style="list-style-type: none"> < Market gains have been driven by relatively few companies and sectors < Market valuations have increased and reflect a full economic recovery in the near term < Interest rates are expected to remain low to provide economic stability < Above-average market volatility is expected to persist due to an increase in the number of COVID cases, uncertainty regarding the timing of an economic recovery, and higher market valuations
Scotia Canadian Equity Fund (US\$)			
<ul style="list-style-type: none"> < The Fund had a quarterly return of 12.4% and underperformed the benchmark < Top individual contributors to returns were Amazon, Northland Power, and Franco Nevada Mining < The Fund's US equity holdings had positive performance < Currency forwards to hedge the Canadian dollar reduced currency risk and contributed to performance 	<ul style="list-style-type: none"> < Security selection within the technology and materials sectors was the leading detractor from returns relative to the benchmark < An under allocation to the materials sector also detracted from returns as it was one of the best performing sectors during the quarter < The Fund's holdings that were the largest individual detractors from returns were Loblaws and Nutrien 	<ul style="list-style-type: none"> < The Fund invested in some attractive businesses in Q2 when their valuations fell to more reasonable levels < The Fund invests conservatively in high quality businesses with sound business models, strong management, solid fundamentals and a sufficient margin of safety < The Fund hedges 50% of its CAD\$ investments to reduce currency risk due to the Fund's base currency being US\$ 	<ul style="list-style-type: none"> < Market valuations have increased and reflect a full economic recovery in the near term < Interest rates are expected to remain low to provide economic stability < Above-average market volatility is expected to persist due to an increase in the number of COVID cases, uncertainty regarding the timing of an economic recovery, and higher market valuations.

Quarterly fund performance update

Historical fund performance

As of June 30, 2020, all data is reported in the base currency of the Fund. Returns are net of management fees and fund expenses are expressed as a percentage which are based on Class A assets and currencies. Returns are annualized with the exception of periods less than one year.

Funds	Inception date	1 month	3 months	6 months	YTD	1 year	3 years	5 years	10 years	Since inception
Scotia Money Market Fund (USD) BofAML US US Treasury Bills 0-3 Mon Total Return USD	10/27/1999	0.00 0.01	0.07 0.02	0.34 0.48	0.34 0.48	1.11 1.47	1.24 1.68	0.80 1.12	0.41 0.59	1.49
Scotia US Dollar Bond Fund (USD) BBG Barclays US Aggregate Bond USD	12/21/1992	1.37 0.63	3.65 2.90	5.86 6.14	5.86 6.14	6.92 9.12	3.85 5.62	2.64 4.58	1.85 4.10	4.04
Scotia Global Equity Fund (USD) MSCI All Country World Net Return USD	06/23/1994	1.22 3.20	13.55 19.22	-10.55 -6.25	-10.55 -6.25	-6.66 2.11	-0.23 6.14	2.37 6.46	5.68 9.16	4.16
Scotia US Equity Fund (USD) S&P 500 Total Return USD	10/27/1999	0.33 1.99	14.69 20.54	-8.86 -3.08	-8.86 -3.08	-1.41 7.51	3.27 10.73	6.18 10.73	9.91 13.99	2.46
Scotia Canadian Equity Fund (USD) S&P/TSX Composite Total Return USD	06/23/1994	1.19 3.98	12.40 22.24	-11.05 -11.90	-11.05 -11.90	-6.27 -6.14	-2.19 2.27	-3.20 2.65	-0.01 3.74	4.86

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 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. 1832 Asset Management L.P. is a limited partnership, the general partner of which is wholly owned by Scotiabank and is the Investment Fund Manager for ScotiaFunds and Dynamic Funds. 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.