Scotia Funds™

Quarterly fund performance update

As of June 30, 2022

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$)			
< The gross yield for the Fund increased from 0.43% to 1.34% during the quarter < This was due to two interest rate increases by the U.S. Federal Reserve that totaled 1.25% < Fund performance was enhanced by Secured Overnight Financing Rate notes (SOFR) due to the increase in rates	< Longer-term money market securities detracted from returns due to the speed and size of the increase in interest rates	< Added floating rate notes to benefit from higher rates < Increased holdings of longer-term Banker's Acceptance and Supranational securities, and decreased Canadian Provincial US$ T-Bills to generate a higher yield < A lower average term to maturity than the benchmark to enhance liquidity < A higher average credit rating than the benchmark to reduce risk	< Strong employment and persistent inflationary pressures have prompted the U.S. Federal Reserve to increase interest rates and indicate that additional rate hikes will be implemented < Inflation may be near its peak as supply chain pressures have eased and economic growth expectations have fallen < Tighter financial conditions and the effects of the conflict in Russia / Ukraine are potential risks to economic growth
Scotia US Dollar Bond Fund (US$)			
< The Fund had a return of -6.95% during the quarter < The Fund's U.S. rate strategies, including duration, yield curve positioning and bond selection contributed to returns < The Fund benefitted from low exposure to U.K. and Japanese bonds as they underperformed	< Exposure to select investment grade corporate credit issuers due to wider credit spreads < Positions in non-agency mortgage-backed securities also underperformed due to wider credit spreads < A modest allocation to high yield credit also detracted from returns	< An overall lower allocation to duration strategies with a bias to U.S. government bonds and hedges in select regions, particularly the U.K. and Japan < A neutral allocation to investment grade corporate bonds with a bias to high quality issuers < Prefer senior mortgage credit securities due to their high quality and de-leveraging features < Neutral allocation to agency mortgage-backed securities due to improved valuations < Neutral allocation to Treasury Inflation-Protected Securities (TIPS) given their breakeven level and potential near-term volatility	< Lower disposable income from persistently high inflation, significantly higher interest rates and tighter financial conditions have weakened demand and increased the risk of a recession < Volatility may remain elevated due to Russia's invasion of Ukraine, trade sanctions and the supply of energy to Europe; increased geopolitical and trade tensions between the U.S. and China; resurgence of COVID in China and other countries and the impact of lockdowns on manufacturing and supply chain

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Scotia Global Equity Fund (US$)			
< The Fund had a return of -13.1% during the quarter < The Fund's allocation to the low volatility and dividend factors in both the U.S. and international markets outperformed due to heightened volatility < The Fund's leading contributors were companies in the Utilities, Energy and Real Estate sectors < The Fund's non-U.S. holdings slightly outperformed its U.S. holdings < The Fund's allocation to Emerging Markets contributed to returns during the quarter	< The Fund's allocation to the momentum and quality factors detracted from returns, due primarily to the weak performance from the technology sector < The Fund's leading detractors were companies in the Technology, Financials and Industrials sectors	< The Fund is conservatively invested in high quality, dividend paying businesses < The Fund had a higher allocation to Consumer Staples, Financials, Industrials and Utilities and a lower allocation to Communication, Consumer Discretionary and Technology sectors than the benchmark < The Fund has a regional allocation of approximately 58.5% US, 28.7% developed international, and 12.8% emerging markets	< Economic growth may slow due to persistently high inflation, weaker consumer demand and potentially lower corporate earnings growth < Many central banks are expected to continue to increase interest rates to reduce inflation with the risk that they overtighten and trigger a recession < The decline in equity markets has improved valuations and the risk and reward of investment opportunities
Scotia US Equity Fund (US$)			
< The Fund had a return of -13.2% during the quarter < The Fund's allocation to the low volatility and dividend factors outperformed due to heightened volatility during the quarter < The Fund's leading contributors were companies in the Utilities, Healthcare, Real Estate and Energy sectors	< The Fund's allocation to the momentum and quality factors detracted from returns, due primarily to the weak performance from the technology sector < The Fund's leading detractors were companies in the Technology, Financial Services, Industrials and Consumer Cyclical sectors	< The Fund is conservatively invested in high quality, dividend paying business < The Fund has a higher allocation to Consumer Staples, Financials and Industrials and a lower allocation to Communication, Consumer Discretionary and Technology	< Economic growth may slow due to persistently high inflation, weaker consumer demand and potentially lower corporate earnings growth < Many central banks are expected to continue to increase interest rates to reduce inflation with the risk that they overtighten and trigger a recession < The decline in equity markets has improved valuations and the risk and reward of investment opportunities

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Scotia Canadian Equity Fund (US$)			
< The Fund had a return of -12.2% during the quarter < The Fund's largest contributors to quarterly returns were Suncor Energy, CCL Packaging Industries and Loblaws Supermarkets < The sectors that contributed the most to quarterly fund returns were the information technology and materials sectors	< The Fund's largest detractors from quarterly returns were TD Bank, Amazon.com and Brookfield Asset Management < The sector that detracted the most from quarterly fund returns was energy, due to a low allocation	< The Fund remains defensively positioned with a higher relative allocation to Technology, Healthcare and Consumer Staples and a lower relative allocation to Energy and Financials < The Fund is conservatively invested in high quality businesses with sound business models, strong management, solid fundamentals and a sufficient margin of safety < Approximately 16% of the Fund's assets were invested in the U.S. in industries where there are more investment opportunities than in Canada < The Fund has a US$ base currency and hedges 50% of its CAD$ investments to reduce currency risk	< Inflation has neared a multi decade high due primarily to COVID related lockdowns, supply chain disruptions and labor shortages < The Canadian and many other central banks are expected to continue to increase interest rates to a sufficient level to reduce inflation with the risk that they overtighten and trigger a recession < The significant correction in U.S. equities has resulted in the valuations of U.S. and Canadian equities being more balanced

Quarterly fund performance update

Historical fund and portfolio performance

As of June 30, 2022, 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)	**10/27/1999**	**0.03**	**0.04**	**0.04**	**0.04**	**0.05**	**0.39**	**0.76**	**0.41**	**1.36**
BofAML US US Treasury Bills 0-3 Mon Total Return USD		0.05	0.13	0.16	0.16	0.18	0.57	1.06	0.60	
Scotia US Dollar Bond Fund (USD)	**12/21/1992**	**-3.47**	**-6.95**	**-13.34**	**-13.34**	**-13.79**	**-2.57**	**-0.63**	**-0.39**	**3.25**
BBG Barclays US Aggregate Bond USD		-1.57	-4.69	-10.35	-10.35	-10.29	-0.82	1.05	1.69	
Scotia Global Equity Fund (USD)	**06/23/1994**	**-7.63**	**-13.06**	**-17.91**	**-17.91**	**-14.70**	**0.49**	**1.55**	**6.22**	**4.16**
MSCI All Country World Net Return USD		-8.43	-15.66	-20.18	-20.18	-15.75	6.21	7.00	8.76	
Scotia US Equity Fund (USD)	**10/27/1999**	**-7.63**	**-13.21**	**-17.68**	**-17.68**	**-11.40**	**4.22**	**4.81**	**8.95**	**2.87**
S&P 500 Total Return USD		-8.25	-16.10	-19.96	-19.96	-10.62	10.60	11.31	12.96	
Scotia Canadian Equity Fund (USD)	**06/23/1994**	**-6.64**	**-12.22**	**-9.47**	**-9.47**	**-4.24**	**6.62**	**3.89**	**2.06**	**5.47**
S&P/TSX Composite Total Return USD		-10.48	-15.94	-11.74	-11.74	-7.72	8.44	7.76	5.66	

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Scotia Global Asset Management™