

Quarterly fund performance update

As of March 31, 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 1.51% at quarter-end < Fixed rate securities contributed to returns due to the drop in interest rates < Corporate bonds contributed to performance due to their higher yield 	<ul style="list-style-type: none"> < Fund performance was negatively impacted by a lower yield resulting from the 1.50% decrease in interest rates in March < Floating rate notes detracted from returns due to the downward pressure on yields < The Fund's yield was impacted by maturing securities that were reinvested at lower rates 	<ul style="list-style-type: none"> < Exposure to corporate issues was increased due to their higher yield < A higher allocation to government guaranteed securities increased liquidity < The Fund continued to maintain an average term to maturity that is shorter than its benchmark < Exposure to floating rate notes and major banks was reduced < The Fund remains focused on maintaining superior credit quality 	<ul style="list-style-type: none"> < Massive monetary and fiscal stimulus have mitigated near term economic risks but may not be sufficient to support the economy if closures extend until the summer < Market volatility will remain elevated for the foreseeable future

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Scotia US Dollar Bond Fund (US\$)			
<ul style="list-style-type: none"> < The Fund had a return of 2.1% during the quarter < US interest rate strategies, including duration, yield curve positioning and security selection contributed to returns < An underweight position in investment grade corporate bonds and a 0% allocation to municipal bonds contributed to returns due to an increase in credit spreads 	<ul style="list-style-type: none"> < US Treasury Inflation Protected Securities detracted from returns relative to US Treasuries due to dramatically weaker inflation < Holdings of non-Agency Mortgage-Backed Securities and other securitized assets detracted from returns < Exposure to short-term bonds in select developed markets, such as the UK and Japan, detracted relative to longer term bonds which outperformed 	<ul style="list-style-type: none"> < Favor US bonds due to the potential for higher gains, more easing from the US Fed and relatively range-bound rates < Increased exposure to longer term bonds due to asset purchases from the US Fed < Lower allocation to corporate bonds due to widening credit spreads < Prefer Agency MBS due to attractive valuations, high liquidity and government guarantees < Maintain exposure to TIPS given low valuations and the potential for future inflation 	<ul style="list-style-type: none"> < Focused on a defensive approach during this time of heightened volatility and uncertainty < May opportunistically add select high quality corporate credits that have an attractive risk-reward balance < Remain cautious on the weaker segments of the investment grade, high yield, and loan markets
Scotia Global Equity Fund (US\$)			
<ul style="list-style-type: none"> < The Fund had a return of -21.2% during the quarter, which was similar to the benchmark < US and international momentum factors outperformed due to their shift to more defensive securities during the quarter < US and international minimum volatility factors outperformed due to their conservative characteristics < US and international quality factors outperformed due to their exposure to higher quality securities 	<ul style="list-style-type: none"> < US and international smaller cap factors underperformed due to their higher risk and fewer buffers to deal with economic disruptions 	<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 55% US, 38% developed international, and 7% emerging markets 	<ul style="list-style-type: none"> < Corporate profits will significantly decline in 2020 with the potential to gradually rebound in the next several years < Valuations have declined to more attractive levels in many markets < Significant above-average market volatility is expected to persist while the depth of the economic and corporate profit downturns remains uncertain

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Scotia U.S. Equity Fund (US\$)			
<ul style="list-style-type: none"> < The Fund had a return of -20.5% during the quarter, which was slightly lower than the benchmark < The momentum factors outperformed due to their shift to more defensive securities during the quarter < The minimum volatility factors outperformed due to their conservative characteristics < The quality factors outperformed due to their exposure to higher quality securities 	<ul style="list-style-type: none"> < US and international smaller cap factors underperformed due to their higher risk and fewer buffers to deal with economic disruptions 	<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 	<ul style="list-style-type: none"> < Corporate profits will significantly decline in 2020 with the potential to gradually rebound in the next several years < Valuations have declined to more attractive levels < Significant above-average market volatility is expected to persist while the depth of the economic and corporate profit downturns remains uncertain
Scotia Canadian Equity Fund (US\$)			
<ul style="list-style-type: none"> < The Fund had a quarterly return of -20.9% and outperformed the benchmark by 7.1% < Sector allocation was the leading contributor to returns < An under allocation to the energy sector contributed to returns as it was the worst performing sector < The selection of securities within the consumer discretionary, industrials and real estate sectors contributed, relative to the benchmark < Top individual contributors to returns were Amazon, Loblaws Supermarket, and Franco Nevada Mining 	<ul style="list-style-type: none"> < A slightly higher allocation to the health care sector, relative to the benchmark, detracted from returns < The selection of securities in the energy and information technology sectors detracted from returns, relative to the benchmark < Top individual detractors from returns were Canadian Natural Resources, Bank of Montreal, and Onex Private Equity 	<ul style="list-style-type: none"> < The Fund took advantage of the market volatility in March and invested in several leading companies in the US information technology sector < The Fund invests conservatively in high quality businesses with sound business models, strong management, solid fundamentals and a sufficient margin of safety < The Fund had approximately a 15% allocation to US securities at quarter-end < 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"> < Valuations have declined to more attractive levels and may provide the Fund with more high quality investment opportunities < Energy firms have been impacted by decreased global demand and increased supply resulting from the Saudi-Russia dispute < Above-average market volatility is expected to persist while the depth of the economic and corporate profit downturns remains uncertain

Quarterly fund performance update

Historical fund performance

As of March 31, 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	0.07 0.20	0.27 0.46	0.61 0.91	0.27 0.46	1.51 2.07	1.26 1.74	0.79 1.12	0.41 0.59	1.51
Scotia US Dollar Bond Fund (USD) BBG Barclays US Aggregate Bond USD*	12/21/1992	-0.64 -0.59	2.13 3.15	1.00 3.24	2.13 3.15	6.34 9.81	2.99 5.19	1.34 3.56	1.88 4.19	3.94
Scotia Global Equity Fund (USD) MSCI All Country World Net Return USD	06/23/1994	-13.39 -13.50	-21.22 -21.37	-15.99 -14.33	-21.22 -21.37	-16.92 -11.26	-2.71 1.50	0.49 2.85	2.73 5.88	3.68
Scotia US Equity Fund (USD) S&P 500 Total Return USD	10/27/1999	-12.94 -12.35	-20.53 -19.60	-15.61 -12.31	-20.53 -19.60	-10.50 -6.98	-0.18 5.10	3.38 6.73	7.22 10.53	1.81
Scotia Canadian Equity Fund (USD) S&P/TSX Composite Total Return USD	06/23/1994	-14.89 -22.08	-20.86 -27.93	-17.80 -24.09	-20.86 -27.93	-14.54 -19.47	-5.88 -4.03	-5.53 -1.43	-2.42 0.64	4.44

*Blended benchmark with BofAML US Corp & Govt Master Total Return USD up to October 2019. Blend discontinued from November 2019 onwards

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.