

Scotia Conservative Portfolio

Quarterly Portfolio highlights

As of March 31, 2024

Market Review

Gains in equity markets were due to the continued strong performance of U.S. and Japanese stocks, which outperformed most other European, Asian and Emerging Market equities. The S&P 500 Index and S&P/TSX Composite Index both reached an all time high during the quarter. The 10 largest U.S. companies, primarily from the technology and communications sectors, accounted for over 50% of the gain in U.S. equities for the quarter. The overall U.S. fixed income market had a return of -0.8% in the 1st quarter of 2024. This was primarily due to the increase in yield on the U.S. 10-year treasury note from 3.9% to 4.2%. Investment grade corporate bonds also had a positive return due to a decrease in credit spreads from 1.04% to 0.94% during the quarter. U.S. Real GDP expanded at an annualized rate of 1.6% in Q1, which was significantly lower than the 3.4% in Q4 2023. The U.S. Federal Reserve kept its policy interest rate unchanged at 5.50% due to economic activity that expanded at a solid pace, low unemployment and inflation that remained elevated over the past year.

Fund Performance* and Positioning

The Scotia Conservative Portfolio Class A had a return of 0.9% for the 3 months ending March 31, 2024. The portfolio's return was driven by its asset allocation and the return of each underlying Fund.

At March 31, 2024

Fund	Neutral Asset Allocation %	3 Mo Return (CI A) %
Scotia Money Market Fund	10	1.2
Scotia US Dollar Bond Fund	80	-0.2
Scotia Global Equity Fund	8	7.1
Scotia US Equity Fund	2	9.7

Multi-Asset Management Team

Portfolio Managers since May 18, 2022
1832 Asset Management L.P.



Craig Maddock,
CFA, MBA, CFP, FICB
Head, Multi-Asset
Management Team and
Senior Portfolio Manager
33 years' experience



Yuko Girard,
CFA, MBA, CAIA, FRM
Portfolio Manager
27 years' experience



Wesley Blight, CFA
Portfolio Manager
18 years' experience



Mark Fairbairn, CFA
Portfolio Manager
15 years' experience



Ian Taylor, CFA, CAIA
Portfolio Manager
14 years' experience

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The fixed income allocation in the portfolio experienced a small negative return during the quarter. This was primarily due to the increase in yields on U.S. bonds, which resulted in lower prices. This loss was partially mitigated by the narrowing of credit spreads, which contributed to gains in the portfolio's holdings of mortgage-backed securities and collateralized loans.

The equity allocation of the portfolio had a positive return during the quarter. The portfolio's allocation to U.S. equities significantly outperformed the equities from other markets.

In mid-February, the Scotia Global Equity Fund and Scotia US Equity Fund both had a change in strategy from investing in factor-based ETFs to individual securities. Both Funds will be managed with a core style and will invest in approximately 40 high quality, well managed businesses with sustainable competitive advantages, strong balance sheets and a solid track record of value creation.

The return on the cash allocation of the portfolio was due to the current high level of interest rates.

Outlook

Resilient GDP growth, low unemployment, and persistently high inflation, primarily due to the high costs of housing, have tempered expectations regarding the number and timing of potential interest rate cuts. As a result, the U.S. Federal Reserve is expected to lower rates later and more gradually than many other developed market central banks. There is an elevated risk of slower or negative growth and continued high inflation following the unprecedented global shocks to supply and demand. 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 Conservative Portfolio are as follows: 1 month: 1.46%, 3 Mos: 0.85%, 6 Mos: 7.19%, YTD: 0.85%, 1 Yr: 4.68%, 3 Yrs: -2.16%, 5 Yrs: 0.63%, 10 Yrs: 1.11%, and since inception (01/22/2008): 1.63%.

Multi-Asset Management Team

With \$120 billion* in managed portfolios for retail, high-net-worth and institutional clients, the Multi-Asset Management Team is part of 1832 Asset Management L.P. and is a market leader in designing and managing multi-disciplinary investment solutions and strategies. Craig Maddock, Vice President and Senior Portfolio Manager, heads the Multi-Asset Management Team, which includes 19 dedicated investment management professionals, including five tenured portfolio managers, two associate portfolio managers, ten analysts and two traders. All five portfolio managers – Craig Maddock, Yuko Girard, Wesley Blight, Mark Fairbairn, Ian Taylor – work collaboratively in managing the portfolios. Hallmarks of the Team include deep experience across a range of asset management specializations, a disciplined investment process that delivers multi-layered value and a successful track record of delivering results for investors. The Team's capabilities are thoughtfully applied in the construction of optimal risk-adjusted portfolio solutions that combine a wide array of complementary asset classes, strategies and money managers across the entire risk spectrum.

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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 Colpatria 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.