

Scotia Conservative Balanced Portfolio

Quarterly Portfolio highlights

As of March 31, 2025

Market Review

The quarter began with optimism as global stocks carried momentum from 2024, but this was quickly tempered by escalating trade tensions. The U.S. experienced a sharp sell-off in its largest mega-cap and AI-focused companies—a strong reversal of 2024's performance for those stocks. Meanwhile, Canadian equities showed resilience, buoyed by strength in the materials sector, while international equities outperformed, supported by strong gains in China and Europe.

The return of U.S. fixed income in the first quarter of 2025, as measured by the Bloomberg U.S. Aggregate Bond Index, was approximately 2.78%. This strong start to the year was driven primarily by a decline in Treasury yields, with the U.S. 10-year Treasury yield falling about 36 basis points to 4.21%. In March, the U.S. Federal Reserve maintained its key borrowing rate in the 4.25% to 4.5% range while signaling expectations of a weaker economy in 2025 than previously thought. The quarter underscored the complex interplay of geopolitical and economic factors shaping global markets and highlighted the importance of maintaining a well-diversified total portfolio approach.

Fund Performance* and Positioning

The Scotia Conservative Balanced Portfolio Class A recorded a return of 1.78% for the three months ending March 31, 2025. Performance was primarily due to the returns of its underlying funds.

At March 31, 2025

Fund	Neutral Asset Allocation %	3 Mo Return (CI A) %
Scotia Money Market Fund	5	0.95
Scotia US Dollar Bond Fund	65	2.38
Scotia Global Equity Fund	22	0.94
Scotia US Equity Fund	6	-0.25
Scotia Canadian Equity Fund	2	-0.11

The Fund's positive return was in line with the Bloomberg U.S. Aggregate Bond Index. U.S. core fixed income markets posted positive returns in the

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

Scotia Conservative Balanced Portfolio

first quarter as U.S. Treasury yields fell. Portfolio duration positioning was accretive to performance.

The equity allocation of the portfolio also delivered strong positive returns relative to its benchmarks. The Global Equity Fund had a net return of 0.94% for the three months ending March 31, 2025, outperforming its benchmark, the MSCI ACWI Index, which returned -1.2% for the quarter. The Fund's cash performance in the first quarter was enhanced by its barbell strategy, which contributed positively as the money market curve flattened.

Outlook

Economic uncertainty is significantly elevated due to the hawkishness of U.S. trade policy and the tightening of financial conditions since the April 2nd announcement. Global growth remains on stable footing based on incoming data, which may cushion some of the near-term downside risks to the economy. A greater risk is the continued tightening of financial conditions as long as U.S. reciprocal tariffs and related uncertainties remain unresolved. Tariffs represent a supply shock, leading to higher prices in the near term and contributing to inflationary pressures. However, this inflationary impact may be offset by a reduction in demand, driven by tight financial conditions such as higher credit spreads and declining stock markets. Central banks are more likely to look through the near-term price impact of tariffs and cut rates to support the economy, as financial market conditions have deteriorated materially.

*As of March 31, 2025, performance returns for the Scotia Conservative Balanced Portfolio are as follows: 1 month: -0.63%, 3 Mos: 1.76%, 6 Mos: -3.20%, YTD: 1.76%, 1 Yr: 1.43%, 3 Yrs: 0.32%, 5 Yrs: 2.15%, 10 Yrs: 1.84%, and since inception (01/22/2008): 2.28%.

** As at December 31 2023

Multi-Asset Management Team

With \$121 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.

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.