

IRC REPORT TO UNITHOLDERS

As at December 31, 2016

Dear Unitholder:

The members of the independent review committee (“IRC”) of the mutual funds managed by 1832 Asset Management (“the “Manager”) are pleased to submit our annual report to unitholders of the funds listed in Schedule “A” attached (collectively, the “Funds” or individually, the “Fund”) for the year ended December 31, 2016.

Securities regulators have given the IRC a mandate to review mutual fund conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the conflict of interest matter. The IRC’s focus is on the question of whether the Manager’s proposed action achieves a fair and reasonable result for the Funds.

At least annually, the IRC reviews and assesses the adequacy and effectiveness of the Manager’s policies and procedures relating to conflict of interest matters in respect of the Funds. The IRC also conducts annually a self-assessment of its independence, compensation and effectiveness.

On April 30, 2016 Rob Bell retired from the IRC after 9 years of service. The IRC thanks Mr. Bell for all his efforts and contributions including serving as Chair of the Scotia Funds IRC. We were pleased to welcome Jennifer Witterick as a member of the IRC effective May 1, 2016

The members of the IRC look forward to continuing to serve in the best interests of the Funds’ and working effectively and openly with the Manager.

“Carol S. Perry”

Carol S. Perry
Chair of the Independent Review Committee

The IRC serves as the independent review committee of the Scotia Funds, the Scotia Private Pools and the Pinnacle Portfolios, Dynamic Funds and Marquis Investment Program..

Date of Appointment and Length of Service

IRC Member	Date of Appointment	Length of Service
Carol S. Perry	November 1, 2011	5 years, 1 month
Brahm Gelfand	November 1, 2013	3 years 2 months
Simon Hitzig	November 1, 2013	3years 2 months
D. Murray Paton	May 1, 2007	9 years, 8 months
Jennifer Witterick	May 1, 2016	0 years, 8 months

Holdings

(a) Funds

As at December 31, 2016, the percentage of units of each class of each Fund beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 per cent.

(b) Manager

As at December 31, 2016, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of the Manager.

(c) Service Providers

As at December 31, 2016, members of the IRC beneficially owned, directly or indirectly, a class or series of voting or equity securities of a service provider to the Funds or the Manager, in addition to the Bank of Nova Scotia. As at December 31, 2016, the percentage of units of each class or series of voting or equity securities of the service provider and the Bank of Nova Scotia beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 0.1 per cent.

Compensation and Indemnities

The aggregate compensation paid by the Funds to the IRC for the Reporting Period was \$150,300. This amount was allocated amongst the Funds.

No indemnities were paid to the IRC by the Manager of the Funds during the Reporting Period.

At least annually, the IRC reviews its compensation, giving consideration to the following:

1. the best interests of the Funds;
2. industry best practices, including industry averages and surveys on IRC compensation;
3. the number, nature and complexity of the mutual funds for which the IRC acts; and
4. the nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member.

Conflict of Interest Matters

During the period January 1, 2016 to December 31, 2016 (the “Reporting Period”), the IRC considered conflict of interest matters that the Manager referred to it for its recommendation or, where applicable, its approval pursuant to its charter and in accordance with the requirements of the Canadian securities regulators for independent review committees of publicly offered mutual funds set forth in National Instrument 81-107 (“NI 81-107”). The IRC considers conflict of interest matters referred to it and makes recommendations to the Manager on whether or not the IRC believes the proposed actions of the Manager will achieve a fair and reasonable result for the applicable Funds. Where appropriate, the IRC gives the Manager standing instructions which enable the Manager to act in a particular conflict of interest matter on a continuing basis provided the Manager complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter.

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation. The Manager has an obligation to notify the IRC of all such instances.

The Manager has an obligation to report to the IRC any instance in which it acted in a conflict of interest matter but did not meet a condition imposed by the IRC.

As of the date of this report, 1832 Asset Management has informed the IRC that it is not aware of any such instances.

Approvals

As permitted by Canadian securities legislation, including NI 81-107 and exemptive relief granted by the Canadian securities regulators, during the Reporting Period, the IRC provided approval for the Funds, subject to terms and conditions, to:

1. invest in or hold securities of related issuers, including securities issued by The Bank of Nova Scotia;
2. invest in securities of an issuer where a related party, including Scotia Capital Inc., acts as an underwriter during the distribution of the securities or at any time during the 60-day period following the completion of the distribution of such securities;
3. purchase securities from a related party where the related party is acting as principal;
4. purchase securities from, or sell securities to, another investment fund managed by the Manager (referred to as “inter-fund trades”); and

5. purchase and redeem units of a Fund in specie from or to an account managed by the Manager.

Recommendations

During the Reporting Period, the Manager received positive recommendations from the IRC with respect to the following conflict of interest matters:

1. Acquisition of Securities of a Related Underlying Fund
2. Expense Recovery
3. Dual Employment
4. Error Correction
5. Fund Valuation
6. In Specie Purchases and Redemptions
7. Inter Fund Trading
8. Large Transactions/Investors
9. New Funds
10. Outsourcing to Related Parties
11. Purchases of Securities Underwritten by a Related Party
12. Portfolio Advisor Selection, Monitoring and Oversight
13. Principal Trading in Securities with a Related Party
14. Prohibited Investment
15. Purchasing, Holding and Sale of Securities of a Related Party
16. Redemption of Fund Securities
17. Trading Spot Foreign Exchange with a Related Party
18. Employee Personal Trading
19. Proxy Voting
20. Soft Dollar Arrangements
21. Securities Lending Policy
22. Fair Allocation of Investment Opportunities
23. Entering Into OTC Derivatives with a Related Party
24. Agency Trading in Securities with a Related Party
25. Trading in Mortgages with a Related Party
26. Short-Term Trading

Schedule “A”
The Funds

1832 AM Canadian Dividend LP
1832 AM Canadian Growth LP
1832 AM Canadian Preferred Share LP
1832 AM Global Completion LP
1832 AM North American Preferred Share LP
1832 AM Tactical Asset Allocation LP
Pinnacle Balanced Portfolio
Pinnacle Growth Portfolio
Pinnacle Income Portfolio
Scotia Aria Conservative Build Portfolio
Scotia Aria Conservative Core Portfolio
Scotia Aria Conservative Pay Portfolio
Scotia Aria Moderate Build Portfolio
Scotia Aria Moderate Core Portfolio
Scotia Aria Moderate Pay Portfolio
Scotia Aria Progressive Build Portfolio
Scotia Aria Progressive Core Portfolio
Scotia Aria Progressive Pay Portfolio
Scotia Balanced Opportunities Fund
Scotia Bond Fund
Scotia Canadian Balanced Fund
Scotia Canadian Blue Chip Fund
Scotia Canadian Bond Index Fund
Scotia Canadian Dividend Class
Scotia Canadian Dividend Fund
Scotia Canadian Equity Blend Class
Scotia Canadian Growth Fund
Scotia Canadian Income Fund
Scotia Canadian Index Fund
Scotia Canadian Small Cap Fund
Scotia CanAm Index Fund
Scotia Conservative Government Bond Capital Yield Class
Scotia Conservative Income Fund
Scotia Diversified Monthly Income Fund
Scotia Dividend Balanced Fund
Scotia European Fund
Scotia Fixed Income Blend Class
Scotia Floating Rate Income Fund
Scotia Global Balanced Fund
Scotia Global Bond Fund
Scotia Global Dividend Class
Scotia Global Dividend Fund
Scotia Global Growth Fund

Scotia Global Low Volatility Equity LP
Scotia Global Opportunities Fund
Scotia Global Small Cap Fund
Scotia Income Advantage Fund
Scotia INNOVA Balanced Growth Portfolio
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Balanced Income Portfolio
Scotia INNOVA Balanced Income Portfolio Class
Scotia INNOVA Growth Portfolio
Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Income Portfolio
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Maximum Growth Portfolio
Scotia INNOVA Maximum Growth Portfolio Class
Scotia International Equity Blend Class
Scotia International Index Fund
Scotia International Value Fund
Scotia Latin American Fund
Scotia Money Market Fund
Scotia Mortgage Income Fund
Scotia Nasdaq Index Fund
Scotia Pacific Rim Fund
Scotia Partners Balanced Growth Portfolio
Scotia Partners Balanced Growth Portfolio Class
Scotia Partners Balanced Income Portfolio
Scotia Partners Balanced Income Portfolio Class
Scotia Partners Growth Portfolio
Scotia Partners Growth Portfolio Class
Scotia Partners Income Portfolio
Scotia Partners Maximum Growth Portfolio
Scotia Partners Maximum Growth Portfolio Class
Scotia Premium T-Bill Fund
Scotia Private American Core-Plus Bond Pool
Scotia Private Canadian All Cap Equity Pool
Scotia Private Canadian Corporate Bond Pool
Scotia Private Canadian Equity Pool
Scotia Private Canadian Growth Pool
Scotia Private Canadian Mid Cap Pool
Scotia Private Canadian Preferred Share Pool
Scotia Private Canadian Small Cap Pool
Scotia Private Canadian Value Pool
Scotia Private Emerging Markets Pool
Scotia Private Fundamental Canadian Equity Pool
Scotia Private Global Credit Pool
Scotia Private Global Equity Pool
Scotia Private Global Low Volatility Equity Pool
Scotia Private Global Real Estate Pool

Scotia Private High Yield Income Pool
Scotia Private Income Pool
Scotia Private International Core Equity Pool
Scotia Private International Equity Pool
Scotia Private International Small to Mid Cap Value Pool
Scotia Private North American Dividend Pool
Scotia Private Options Income Pool
Scotia Private Real Estate Income Pool
Scotia Private Short Term Income Pool
Scotia Private Short-Mid Government Bond Pool
Scotia Private Strategic Balanced Pool
Scotia Private Total Return Bond Pool
Scotia Private U.S. Dividend Pool
Scotia Private U.S. Equity Pool
Scotia Private U.S. Large Cap Growth Pool
Scotia Private U.S. Mid Cap Growth Pool
Scotia Private U.S. Mid Cap Value Pool
Scotia Private U.S. Value Pool
Scotia Resource Fund
Scotia Selected Balanced Growth Portfolio
Scotia Selected Balanced Income Portfolio
Scotia Selected Growth Portfolio
Scotia Selected Income Portfolio
Scotia Selected Maximum Growth Portfolio
Scotia Short Term Bond Fund
Scotia T-Bill Fund
Scotia Total Return Bond LP
Scotia U.S. \$ Balanced Fund
Scotia U.S. \$ Bond Fund
Scotia U.S. \$ Money Market Fund
Scotia U.S. Blue Chip Fund
Scotia U.S. Dividend Fund
Scotia U.S. Dividend Growers LP
Scotia U.S. Equity Blend Class
Scotia U.S. Index Fund
Scotia U.S. Low Volatility Equity LP
Scotia U.S. Opportunities Fund