

The Client Relationship Model – Phase 2 (CRM2) is a regulatory initiative that is focused on providing you with greater transparency on the mutual fund fees you pay, the services you are charged for and how your investments are performing. Starting in January 2017, you will receive two personalized reports that detail the fees you pay for service as well as any administration charges (Fee Disclosure Report) and the performance of your investments (Annual Performance Report). This FAQ covers questions you may have related to the Annual Performance Report.

1. What is in the new report?

The Annual Performance Report is designed to help you better understand how your investments are performing. It contains the following two sections:

- **Personal Rate of Return** – This section will provide you with annualized returns for 1, 3, 5, 10 years and account inception periods dating back to January 2013. All returns will be at the account level and will be net of any fees.
- **Change in the value of your account** – In this section, you will find details on the changes in the value of your investments over the past year and since inception. It will include:
 - o Opening and closing market value at the beginning and end of the calendar year and since account opening.
 - o Total deposit and withdrawal amounts through the calendar year and since account opening.
 - o Annual cumulative change in market value for the calendar year and since account opening.

The new report will be mailed in January 2017 together with your Personal Portfolio Statement.

2. What investments are included?

The Annual Performance Report will include mutual funds, GICs, cash holdings and transactions. Note that returns are reported at the account level and not for each individual holding within your account.

If you hold cash or GIC's as investments, they will be incorporated into your portfolio's performance at the end of the year. It's worth noting that a higher cash balance can help lower the impact of short-term market volatility, but over the long-term it is more likely to be a drag on your overall performance.

3. How is the return calculated?

Your Personal Rate of Return incorporates changes in market value, plus the timing of your investment decisions. This means that deposits, withdrawals and distributions associated with your account will have an impact on the returns listed in your Annual Performance Report.

4. What is the difference between Personal Rate of Return and Investment Rate of Return?

Unlike your Personal Rates of Return, Investment Rates of Return does not incorporate the timing of your investment decisions. Instead, it is calculated by factoring in the change in market value over the listed period only. The Investment Rates of Return for ScotiaFunds can be found on scotiafunds.com.

5. Where can I get more information on fund performance?

For more information on the performance of a mutual fund, you can refer to its Fund Facts document or scotiafunds.com. Alternatively, you can contact your Scotiabank Advisor.