

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## PROSPECTUS

*Continuous Offering*

September 29, 2023

**Scotia Canadian Bond Index Tracker ETF (“SITB”)  
Scotia Canadian Large Cap Equity Index Tracker ETF (“SITC”)  
Scotia Emerging Markets Equity Index Tracker ETF (“SITE”)  
Scotia International Equity Index Tracker ETF (“SITI”)  
Scotia U.S. Equity Index Tracker ETF (“SITU”)**  
(together, the “**Scotia Index ETFs**”, and each, a “**Scotia Index ETF**”)

**Scotia Responsible Investing Canadian Bond Index ETF (“SRIB”)  
Scotia Responsible Investing Canadian Equity Index ETF (“SRIC”)  
Scotia Responsible Investing International Equity Index ETF (“SRII”)  
Scotia Responsible Investing U.S. Equity Index ETF (“SRIU”)**  
(together, the “**Scotia Responsible Index ETFs**”, and each, a “**Scotia Responsible Index ETF**”, and together with the Scotia Index ETFs, the “**Scotia ETFs**”, and each, a “**Scotia ETF**”)

This prospectus qualifies the distribution of units (“**Units**”) of the Scotia ETFs, each of which is a trust created under the laws of the province of Ontario.

1832 Asset Management L.P. (the “**Manager**” and “**Trustee**”) is the manager, promoter and trustee of the Scotia ETFs. The head office of the Manager is located at Scotiabank North, 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4. The Manager has retained State Street Global Advisors Ltd. (“**SSGA Canada**” or the “**Sub-Advisor**”) to act as sub-advisor of the Scotia ETFs. See “Organization and Management Details of the Scotia ETFs – Manager” and “Organization and Management Details of the Scotia ETFs – Sub-Advisor”.

### **Investment Objectives**

Each Scotia ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a specified market index. See “Investment Objectives”.

### **Listing of Units**

Each Scotia ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. The Units are denominated in Canadian dollars. Units of the Scotia ETFs are currently listed on the NEO Exchange Inc. operating as Cboe Canada (the “**Designated Exchange**”) and investors will be able to buy or sell such Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Scotia ETF in connection with buying or selling of Units on the Designated Exchange. Holders of Units may also (i) redeem Units of any Scotia ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the Designated Exchange on the effective day of redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit (“**NAV per Unit**”) on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a Prescribed Number of Units (as defined herein) (or an integral multiple thereof) for Baskets of Securities (as defined herein) and cash or, in certain circumstances, for cash. See “Exchange and Redemption of Units – Redemption of Units of a Scotia ETF for Cash” and “Exchange and Redemption of Units – Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash” for further information.

The Scotia ETFs will generally issue Units directly to the designated broker and dealers. Scotia Capital Inc., an affiliate of the Manager, will act as a Designated Broker and Dealer for the Scotia ETFs.

### **Eligibility for Investment**

In the opinion of Blake, Cassels & Graydon LLP, if the Units of a Scotia ETF are listed on a “designated stock exchange” within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”) (which currently includes the Designated Exchange), or if a Scotia ETF were to qualify as a mutual fund trust within the meaning of the Tax Act, the Units of such Scotia ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan, a tax-free savings account or a first home savings account (collectively, “**Registered Plans**”).

See “Income Tax Considerations – Taxation of Registered Plans”.

### **Additional Considerations**

No designated broker or dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and as such, the designated broker and dealers do not perform many of the usual underwriting activities in connection with the distribution by the Scotia ETFs of their Units under this prospectus.

Units of the Scotia ETFs are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in Units of a Scotia ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the Units of the applicable Scotia ETF should be considered index participation units, as well as the control, concentration and certain of the “fund-of-funds” restrictions. No purchase of Units of a Scotia ETF should be made solely in reliance on the above statements.

For a discussion of the risks associated with an investment in Units of the Scotia ETFs, see “Risk Factors”.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

### **Documents Incorporated by Reference**

Additional information about each Scotia ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for each Scotia ETF, and the most recently filed ETF Facts (as defined herein) for each Scotia ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference” for further details.

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## GLOSSARY

*Unless otherwise indicated, references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.*

*Allowable Capital Loss* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

*Basket of Securities* – means, in relation to a particular Scotia ETF, a group of securities and/or assets determined by the Manager or Sub-Advisor from time to time.

*Canadian Securities Legislation* – means the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities, as the same may be amended, restated or replaced from time to time.

*Capital Gains Refund* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Scotia ETFs”.

*CDS* – means CDS Clearing and Depository Services Inc.

*CDS Participant* – means a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

*Close Price* - has the meaning ascribed thereto under “Calculation of NAV – Differences from International Financial Reporting Standards”.

*Constituent Issuers* – means the issuers included in the portfolio or underlying Index of a Scotia ETF from time to time.

*Constituent Securities* – means the securities included in the portfolio or underlying Index of a Scotia ETF from time to time.

*CRA* – means the Canada Revenue Agency.

*CRS Provisions* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Custodian* – means State Street Trust Company Canada, in its capacity as custodian of the Scotia ETFs pursuant to the Custodian Agreement.

*Custodian Agreement* – means the amended and restated master custodian agreement dated April 27, 2004, as amended, between the Manager, on behalf of the Scotia ETFs, and the Custodian, as may be further supplemented, amended and/or amended and restated from time to time.

*Dealer* – means a registered dealer (that may or may not be a Designated Broker), including Scotia Capital Inc., an affiliate of the Manager, that has entered into a continuous distribution dealer agreement with the Manager, on behalf of a Scotia ETF, and that subscribes for and purchases Units from that Scotia ETF.

*Declaration of Trust* – means the amended and restated master declaration of trust dated February 3, 2020, as may be supplemented, amended, restated or replaced from time to time.

*Designated Broker* – means a registered dealer, including Scotia Capital Inc., an affiliate of the Manager, that has entered into a designated broker agreement with the Manager, on behalf of a Scotia ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to that Scotia ETF.

*Designated Exchange* – means the NEO Exchange Inc. operating as Cboe Canada.

*DFA Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Scotia ETFs”.

*Distribution Record Date* – means, in relation to a particular Scotia ETF, a date determined by the Manager as a record date for the determination of the Unitholders of the Scotia ETF entitled to receive a distribution.

*DPSP* – means a deferred profit-sharing plan within the meaning of the Tax Act.

*Equity Repurchase Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Scotia ETFs”.

*ESG* – means Environmental, Social and Governance.

*ETF Costs* – has the meaning ascribed thereto under “Fees and Expenses – ETF Costs”.

*ETF Facts* – means the ETF Fact document prescribed by Canadian Securities Legislation in respect of an exchange traded fund, which summarizes certain features of the exchange traded fund and which is publicly available at [www.sedarplus.ca](http://www.sedarplus.ca) and provided or made available to registered dealers for delivery to purchasers of securities of an exchange traded fund.

*FHSA* – means a first home savings account within the meaning of the Tax Act.

*Financial Statements* - has the meaning ascribed thereto under “Calculation of NAV – Differences from International Financial Reporting Standards”.

*Fixed Administration Fee* – has the meaning ascribed thereto under “Fees and Expenses – Operating Expenses”.

*General Partner* – has the meaning ascribed thereto under “Organization and Management Details of the Scotia ETFs – Manager”.

*GST/HST* – means taxes levied under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

*Holder* – has the meaning ascribed thereto under “Income Tax Considerations”.

*IFRS* - has the meaning ascribed thereto under “Calculation of NAV – Differences from International Financial Reporting Standards”.

*IGA* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Index* – means a benchmark or index, provided by an Index Provider, or a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index, or a successor index that is substantially comprised of or would be substantially comprised of the same Constituent Securities or similar contracts or instruments, which is used by a Scotia ETF in relation to that Scotia ETF’s investment objective.

*Index Provider* – means the third-party provider of the applicable Index, currently Solactive AG, with which the Manager has entered or will enter into a License Agreement to use the relevant Index and certain trademarks in connection with the operation of the Scotia ETFs.

*IRC or Independent Review Committee* – means the independent review committee of the Scotia ETFs established under NI 81-107.

*Lending Agent* – means State Street Bank and Trust Company, in its capacity as lending agent pursuant to the Securities Lending Agreement.

*License Agreement* – means the license agreement dated July 30, 2020, between the Manager and the applicable Index Provider, as amended or amended and restated from time to time, which permits the Manager to use the relevant Index and certain trademarks in connection with the operation of the Scotia ETFs.

*Manager* – has the meaning ascribed thereto on the cover page.

*Management Fee* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs – Management Fees”.

*Management Fee Distributions* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs – Management Fees”.

*MRFP* – means management report of fund performance.

*NAV* and *NAV per Unit* – means, in relation to a particular Scotia ETF, the net asset value of the Scotia ETF and the net asset value per Unit, calculated by the Valuation Agent, as described under “Calculation of NAV”.

*NI 81-102* – means National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

*NI 81-105* – means National Instrument 81-105 – *Mutual Fund Sales Practices*, as the same may be amended, restated or replaced from time to time.

*NI 81-106* – means National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

*NI 81-107* – means National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

*Non-Portfolio Income* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Scotia ETFs”.

*Operating Expenses* – has the meaning ascribed thereto under “Fees and Expenses – Operating Expenses”.

*Permitted Merger* – has the meaning ascribed thereto under “Unitholder Matters – Permitted Mergers”.

*PNU or Prescribed Number of Units* – means, in relation to a particular Scotia ETF, the number of Units determined by the Manager or Sub-Advisor, as applicable, from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

*Proxy Voting Policies* – has the meaning ascribed thereto under “Proxy Voting Disclosure for Portfolio Securities Held”.

*RDSP* – means a registered disability savings plan within the meaning of the Tax Act.

*Registered Plans* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Scotia ETFs”.

*Registrar and Transfer Agent* – means State Street Trust Company Canada or its successor.

*Reporting Date* – has the meaning ascribed thereto under “Calculation of NAV – Differences from International Financial Reporting Standards”.

*RESP* – means a registered education savings plan within the meaning of the Tax Act.

*RRIF* – means a registered retirement income fund within the meaning of the Tax Act.

*RRSP* – means a registered retirement savings plan within the meaning of the Tax Act.

*Scotiabank* – means The Bank of Nova Scotia.

*Scotia Index ETFs* – means Scotia Canadian Bond Index Tracker ETF, Scotia Canadian Large Cap Equity Index Tracker ETF, Scotia Emerging Markets Equity Index Tracker ETF, Scotia U.S. Equity Index Tracker ETF and Scotia International Equity Index Tracker ETF.

*Scotia Responsible Index ETFs* – means Scotia Responsible Investing Canadian Bond Index ETF, Scotia Responsible Investing Canadian Equity Index ETF, Scotia Responsible Investing International Equity Index ETF and Scotia Responsible Investing U.S. Equity Index ETF.

*Scotia ETFs* – means each investment trust established under the laws of the province of Ontario pursuant to the Declaration of Trust offered under this prospectus.

*Securities Lending Agreement* – means the securities lending agreement between the Manager, in its capacity as trustee and manager of the Scotia ETFs, and the Lending Agent, as may be further supplemented, amended and/or amended and restated from time to time.

*Securities Regulatory Authorities* – means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.

*Settlement Agreement* – has the meaning ascribed thereto under “Legal and Administrative Proceedings”.

*SIFT Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Scotia ETFs”.

*SIFT trust* – means a specified investment flow-through trust within the meaning of the Tax Act.

*SSGA Canada* – means State Street Global Advisors Ltd., or its successor.

*SSGA FM* – means SSGA Funds Management, Inc.

*SSGA Trust Company* – means State Street Global Advisors Trust Company.

*Sub-Advisor* – means SSGA Canada, in its capacity as sub-advisor of the Scotia ETFs, or its respective successors.

*Sub-Advisory Agreement* – means the investment sub-advisory agreement dated November 6, 2015, between the Manager and the Sub-Advisor, as amended, and as it may be further supplemented, amended and/or amended and restated from time to time.

*Substituted Property* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Scotia ETFs”.

*Tax Act* – means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

*Tax Amendment* – means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof.

*taxable capital gain* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

*Tax Treaties* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Scotia ETFs”.

*TFSA* – means a tax-free savings account within the meaning of the Tax Act.

*Trading Day* – means a day on which a session of the Designated Exchange is held and the primary market or exchange for the securities held by the Scotia ETFs is open for trading.

*Trustee* – has the meaning ascribed thereto on the cover page.

*Underlying ETFs* – has the meaning ascribed thereto under “Investment Strategies”.

*Underlying Fund Management Fees* - has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs – Underlying ETF Fees”.

*Unit* – means, in relation to a particular Scotia ETF, a redeemable, transferable unit of that Scotia ETF, which represents an equal, undivided interest in the net assets of that Scotia ETF.

*Unitholder* – means a holder of Units of a Scotia ETF.

*Valuation Agent* – means State Street Bank and Trust Company, which maintains its principal place of business at 225 Franklin Street, Boston, Massachusetts 02110, USA.

*Valuation Date* – means each Trading Day or any other day designated by the Manager on which the NAV and NAV per Unit of a Scotia ETF is calculated.

*Valuation Time* – means, in relation to a Scotia ETF, 4:00 p.m. (Toronto time) on a Valuation Date or such other time that the Manager deems appropriate on each Valuation Date.



## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.*

**Issuers:** Scotia Canadian Bond Index Tracker ETF (“**SITB**”)  
 Scotia Canadian Large Cap Equity Index Tracker ETF (“**SITC**”)  
 Scotia Emerging Markets Equity Index Tracker ETF (“**SITE**”)  
 Scotia International Equity Index Tracker ETF (“**SITI**”)  
 Scotia U.S. Equity Index Tracker ETF (“**SITU**”)  
 (together, the “**Scotia Index ETFs**”, and each, a “**Scotia Index ETF**”)

Scotia Responsible Investing Canadian Bond Index ETF (“**SRIB**”)  
 Scotia Responsible Investing Canadian Equity Index ETF (“**SRIC**”)  
 Scotia Responsible Investing International Equity Index ETF (“**SRII**”)  
 Scotia Responsible Investing U.S. Equity Index ETF (“**SRIU**”)  
 (together, the “**Scotia Responsible Index ETFs**”, and each, a “**Scotia Responsible Index ETF**”, and together with the Scotia Index ETFs, the “**Scotia ETFs**”, and each, a “**Scotia ETF**”)

1832 Asset Management L.P. (the “**Manager**” and “**Trustee**”) is the manager, promoter, trustee and portfolio advisor of the Scotia ETFs. The Manager has retained State Street Global Advisors Ltd. (“**SSGA Canada**” or the “**Sub-Advisor**”) to act as sub-advisor of the Scotia ETFs.

**Continuous Distribution:** Each Scotia ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. Units of the Scotia ETFs are denominated in Canadian dollars.

Units of the Scotia ETFs are currently listed on the NEO Exchange Inc. operating as Cboe Canada (the “**Designated Exchange**”) and investors will be able to buy or sell such Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Scotia ETF in connection with the buying or selling of Units on the Designated Exchange. Investors may trade Units in the same way as other securities listed on the Designated Exchange, including by using market orders and limit orders.

See “Purchases of Units – Continuous Distribution” and “Purchases of Units – Buying and Selling Units of a Scotia ETF”.

**Investment Objectives:**

Scotia ETF	Investment Objectives
<b>SITB</b>	SITB seeks to replicate, to the extent possible and before fees and expenses, the performance of a broadly diversified Canadian fixed income market index that tracks the investment returns of Canadian dollar-denominated investment grade bonds issued by governments and corporations. Currently, SITB seeks to replicate Solactive Broad Canadian Bond Universe Liquid ex MPL TR Index.

<b>SITC</b>	SITC seeks to replicate, to the extent possible and before fees and expenses, the performance of a diversified Canadian large cap equity market index that tracks the investment returns of publicly traded large cap equity securities in Canada. Currently, SITC seeks to replicate Solactive Canada Large Cap Index.
<b>SITE</b>	SITE seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad equity market index that tracks the investment returns of publicly traded securities issued by large and mid capitalization companies in the emerging markets. Currently, SITE seeks to replicate Solactive GBS Emerging Markets Large & Mid Cap Index.
<b>SITI</b>	SITI seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad equity market index that tracks the investment returns of publicly traded securities issued by large and mid capitalization companies in the developed markets outside North America. Currently, SITI seeks to replicate Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index.
<b>SITU</b>	SITU seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad U.S. equity market index that tracks the investment returns of publicly traded large capitalization U.S. stocks. Currently, SITU seeks to replicate Solactive GBS United States 500 CAD Index.
<b>SRIB</b>	SRIB seeks to replicate, to the extent possible and before fees and expenses, the performance of a responsible bond index that tracks the investment returns of Canadian dollar-denominated investment grade bonds. Currently, SRIB seeks to replicate Solactive Responsible Canadian Bond Universe Liquid ex MPL TR Index.
<b>SRIC</b>	SRIC seeks to replicate, to the extent possible and before fees and expenses, the performance of a responsible equity index that tracks the investment returns of publicly traded equity securities in Canada. Currently, SRIC seeks to replicate Solactive Responsible Canadian Equity Index.
<b>SRII</b>	SRII seeks to replicate, to the extent possible and before fees and expenses, the performance of a responsible equity index that tracks the investment returns of publicly

traded equity securities issued by companies in the developed markets outside North America. Currently, SRII seeks to replicate Solactive Responsible International Equity Index.

**SRIU**

SRIU seeks to replicate, to the extent possible and before fees and expenses, the performance of a responsible equity index that tracks the investment returns of publicly traded U.S. stocks. Currently, SRIU seeks to replicate Solactive Responsible U.S. Equity Index.

The Manager may, subject to any required Unitholder approval, change the Index underlying a Scotia ETF to another index in order to provide investors with substantially the same exposure to the asset class to which that Scotia ETF is currently exposed. If the Manager changes the Index underlying any Scotia ETF, or any index replacing such Index, the Manager will issue a press release identifying the new Index, describing its Constituent Securities and specifying the reasons for the change in the Index.

See “Investment Objectives”.

**Investment Strategies:**

In order to achieve its investment objective, each Scotia ETF invests in the Constituent Securities of the applicable Index in a similar proportion as they are assembled in the Index.

*Sampling Strategy*

As an alternative to investing in the Constituent Issuers of the Index directly, the Manager at its discretion may employ a sampling methodology to replicate the aggregate investment characteristics of the Constituent Securities in the applicable Index. In doing so, the Manager may elect to hold either a subset of the Constituent Securities or a combination of a subset of the Constituent Securities and other securities that are consistent with the investment objectives of the Scotia ETFs. The Manager evaluates various risk factors, performance attributes, sector and country weights and other financial metrics to select representative securities as part of the sampling methodology. The Manager may also use derivative contracts, such as futures, options and swaps, as well as exchange-traded funds to replicate the expected market exposure in the applicable Index as part of the sampling methodology.

The Manager is expected to deploy the sampling methodology where it may be difficult to acquire certain Constituent Securities due to illiquidity, where the asset levels of the Scotia ETFs do not allow for the holding of all of the Constituent Securities or where it is otherwise beneficial to the Scotia ETF to do so.

*Investment in other Investment Funds or Exchange Traded Funds*

In accordance with applicable securities legislation, including NI 81-102 or an exemption therefrom, a Scotia ETF may invest in one or more exchanged traded funds (“Underlying ETFs”) listed on a stock exchange in Canada or the United States. Such Underlying ETFs may themselves invest in securities of other investment funds, which may be managed by the same, affiliated or third-party investment fund managers. To ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

The Underlying ETFs in which a Scotia ETF invests may include Canadian or U.S. exchange traded funds. See also “Underlying ETF Fees” below.

#### *ESG Considerations*

Funds that do not incorporate environmental, social and governance (ESG) considerations into their investment objectives or primary investment strategies, do not seek to achieve any ESG-related outcome or attributes at the security or portfolio level, and do not make any commitments regarding the ESG-related attributes at the security or portfolio level. For those actively managed funds advised by the Manager that do not incorporate ESG considerations into their investment objectives or primary investment strategies, ESG factors are considered, when deemed material, alongside many other factors, through the lens of how they could impact the fund’s risk and/or return and investment objectives. For passively managed funds, such as index-trackers, that do not incorporate ESG considerations into their investment objectives or primary investment strategies, ESG factors are not considered in the investment process, except insofar as the Manager or sub-advisor, as applicable, incorporates ESG considerations into proxy voting and shareholder engagement strategies.

For the actively managed funds advised by the Manager, the consideration of ESG factors is part of the fundamental investment process, which means that relevant financial and non-financial factors (ESG and otherwise) are considered when researching and analyzing securities. Incorporating ESG factors into the investment process may include proprietary research, and a systematic approach to risks and opportunities. Issuers may also be evaluated based on ESG data provided by third-party research. ESG-related factors that may be considered could include but are not limited to: direct or indirect impacts of climate change (e.g., greenhouse gas emissions and associated regulatory costs, property damage, supply disruptions), poor labour standards and/or hiring practices, and weak or ineffective governance policies and procedures (e.g., lack of ethics policies, bribery and corruption).

For both active and passively managed funds, company engagement and proxy voting are informed by many considerations, including relevant ESG factors, but these activities are not necessarily directed towards any ESG related outcome. Company engagement may include meetings with issuers to foster a deeper understanding of specific companies and issues, direct engagement with issuers to communicate views to management, and exercising proxy voting rights. Proxies will be voted in the best interest of the funds in all cases and engagement strategies may apply. The rationale for proxy votes and engagement approach could be informed by ESG considerations along with many other factors to determine what is in the best interest of the funds.

#### *Use of Derivatives*

A Scotia ETF may use derivative instruments from time to time for hedging or investment purposes. Any use of derivative instruments by a Scotia ETF must be in compliance with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Scotia ETF.

#### *Currency Hedging*

Each Scotia ETF’s exposure to foreign currencies will not be hedged back to the Canadian dollar by the Manager or Sub-Advisor.

#### *Securities Lending*

A Scotia ETF may enter into securities lending transactions and repurchase and reverse purchase transactions in compliance with NI 81-102 in order to earn additional income for the Scotia ETF.

See “Investment Strategies”.

**Special Considerations for Purchasers:**

The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Scotia ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of any Scotia ETF through purchases on the Designated Exchange without regard to the take-over bid requirements of Canadian Securities Legislation.

Units of the Scotia ETFs are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in Units of a Scotia ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the Units of the applicable Scotia ETF should be considered index participation units, as well as the control, concentration and certain of the “fund-of-funds” restrictions. No purchase of Units of a Scotia ETF should be made solely in reliance on the above statements.

See “Attributes of the Securities – Description of the Securities Distributed”.

**Risk Factors:**

There are certain general and specific risk factors inherent in an investment in the Scotia ETFs. See “Risk Factors – General Risks Relating to an Investment in the Scotia ETFs” and “Risk Factors – Additional Risks Relating to an Investment in each Scotia ETF”.

**Income Tax Considerations:**

This summary of Canadian federal income tax considerations for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out under the heading “Income Tax Considerations”.

A Unitholder of a Scotia ETF who is an individual (other than a trust) resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized taxable capital gains) that is paid or becomes payable to the Unitholder by that Scotia ETF in that year (including such income that is paid in Units of the Scotia ETF or reinvested in additional Units of the Scotia ETF).

A Unitholder of a Scotia ETF who disposes of a Unit of that Scotia ETF that is held as capital property (within the meaning of the Tax Act), including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the Scotia ETF which represents capital gains allocated and designated to the redeeming Unitholder in accordance with the Declaration of Trust), net of costs of disposition, exceed (or are less than) the adjusted cost base of that Unit.

Each investor should satisfy himself or herself as to the federal, provincial and territorial tax consequences of an investment in Units of a Scotia ETF by obtaining advice from his or her tax advisor.

See “Income Tax Considerations”.

**Exchanges and Redemptions:**

In addition to the ability to sell Units on the Designated Exchange, Unitholders may also (i) redeem Units of any Scotia ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the Designated Exchange on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a PNU (or an integral multiple thereof) for Baskets of Securities and cash or, in certain circumstances, for cash.

See “Exchange and Redemption of Units – Redemption of Units of a Scotia ETF for Cash” and “Exchange and Redemption of Units – Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash”.

**Distributions:**

Each Scotia ETF will distribute, in each taxation year, any net income and any net realized capital gains of the Scotia ETF to such an extent that the Scotia ETF will not be liable for non-refundable income tax under the Tax Act in respect of the taxation year.

Cash distributions on Units of a Scotia ETF, if any, will be made in the currency in which Units of the Scotia ETF are denominated and are expected to be made periodically as set out in the table below:

<b>Scotia ETFs</b>	<b>Frequency of Distributions</b>
SITB	Monthly
SITC	Quarterly
SITE	Quarterly
SITI	Quarterly
SITU	Quarterly
SRIB	Monthly
SRIC	Quarterly
SRII	Quarterly
SRIU	Quarterly

Distributions are not guaranteed, and the Manager may, in its sole discretion, change the frequency or amount of such distributions, which change will be announced by the Manager in a press release.

Depending on the underlying investments of a Scotia ETF, distributions on Units may consist of ordinary income, including foreign source income and taxable dividends from taxable Canadian corporations, sourced from dividends or distributions received by the Scotia ETF but may also include net realized taxable capital gains, less the expenses of that Scotia ETF. Distributions on Units may also include returns of capital which will generally reduce the adjusted cost base on the Unitholder's Units of that Scotia ETF.

In addition to the distributions described above, a Scotia ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special distribution or in connection with returns of capital.

The tax treatment to Unitholders of distributions is discussed under the heading "Income Tax Considerations".

See "Distribution Policy".

**Termination:** The Scotia ETFs do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Declaration of Trust. See "Termination of the Scotia ETFs".

**Eligibility for Investment:** If the Units of a Scotia ETF are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the Designated Exchange), or if a Scotia ETF were to qualify as a mutual fund trust within the meaning of the Tax Act, the Units of that Scotia ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for Registered Plans.

Notwithstanding the foregoing, an annuitant of an RRSP or RRIF, the holder of a TFSA, FHSA or RDSP or the subscriber of an RESP may be subject to a penalty tax in respect of Units of a Scotia ETF held by the RRSP, RRIF, RESP, RDSP, TFSA or FHSA if the Units of that Scotia ETF are "prohibited investments" for such RRSP, RRIF, RESP, RDSP, TFSA or FHSA as determined under the Tax Act.

See "Income Tax Considerations – Taxation of Registered Plans".

**Documents  
Incorporated by  
Reference:**

Additional information about each Scotia ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for each Scotia ETF, and the most recently filed ETF Facts for each Scotia ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus.

These documents are available at no charge by calling 1-866-977-0477, or by asking your registered investment professional. Unitholders will also find these documents on the Manager’s website at [www.scotiabank.com/ETF](http://www.scotiabank.com/ETF). These documents and other information about the Scotia ETFs are also available at [www.sedarplus.ca](http://www.sedarplus.ca).

See “Documents Incorporated by Reference”.

### ***Organization and Management of the Scotia ETFs***

**The Manager, Trustee and Investment Manager:** 1832 Asset Management L.P. manages the overall business and operations of the Scotia ETFs, including providing portfolio management, fund accounting and administration services and promoting the sales of the securities of the Scotia ETFs.

The general partner of the Manager, 1832 Asset Management G.P. Inc. (the “**General Partner**”), is wholly owned by The Bank of Nova Scotia. The Bank of Nova Scotia also owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, MD Management Limited and Scotia Capital Inc., each an investment dealer.

The principal office of the Scotia ETFs and 1832 Asset Management L.P. is located at Scotiabank North, 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.

See “Organization and Management Details of the Scotia ETFs – Manager” and “Organization and Management Details of the Scotia ETFs – Trustee”.

**Sub-Advisor:** The Manager has retained SSGA Canada to act as sub-advisor of the Scotia ETFs and will be responsible for implementing the investment strategy for the Scotia ETFs pursuant to the Sub-Advisory Agreement. In accordance with applicable securities legislation, SSGA Canada may appoint other affiliates to provide portfolio management or investment sub-advisory services.

SSGA Canada is registered under Canadian securities regulations in the categories of portfolio manager, exempt market dealer and investment fund manager in all ten provinces of Canada. SSGA Canada is also registered as a commodities advisor with the Manitoba Securities Commission, commodity trading counsel and commodity trading manager with the Ontario Securities Commission, and as derivatives portfolio manager with the Autorité des marchés financiers.

SSGA Canada delegates its portfolio management activities to its Boston-based affiliate, State Street Global Advisors Trust Company (“SSGA Trust Company”), a non-depository Massachusetts trust company. SSGA Trust Company is a wholly owned subsidiary of State Street Bank and Trust Company. SSGA Canada delegates investment management services relating to futures, options on futures and swaps generally traded on a U.S. exchange and/or with a U.S. counterparty to SSGA Funds Management, Inc. (“SSGA FM”).

SSGA FM is registered as a commodity trading advisor with the Commodity Futures Trading Commission and National Futures Association.

The address of the Sub-Advisor is 1981 McGill College Ave, Suite 500, Montreal, Quebec H3A 3A8.

See “Organization and Management Details of the Scotia ETFs – Sub-Advisor”.

**Promoter:** 1832 Asset Management L.P. has taken the initiative of founding and organizing the Scotia ETFs and is, accordingly, the promoter of the Scotia ETFs within the meaning of securities legislation of certain provinces and territories of Canada.

See “Organization and Management Details of the Scotia ETFs – Promoter”.

**Custodian:** State Street Trust Company Canada is the custodian of the Scotia ETFs and is independent of the Manager. The Custodian provides custodial services to the Scotia ETFs. The Custodian is located in Toronto, Ontario.

See “Organization and Management Details of the Scotia ETFs – Custodian”.

**Valuation Agent:** State Street Bank and Trust Company provides accounting services in respect of the Scotia ETFs. State Street Trust Company Canada is located in Toronto, Ontario.

See “Organization and Management Details of the Scotia ETFs – Valuation Agent”.



- Registrar and Transfer Agent:** State Street Trust Company Canada, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units of the Scotia ETFs and maintains the register of registered Unitholders. The register of the Scotia ETFs is kept in Toronto, Ontario.
- See “Organization and Management Details of the Scotia ETFs – Transfer Agent and Registrar”.
- Lending Agent:** State Street Bank and Trust Company may act as the securities lending agent for the Scotia ETFs pursuant to a Securities Lending Agreement.
- See “Organization and Management Details of the Scotia ETFs –Lending Agent”.
- Auditors:** KPMG LLP, at their principal offices in Toronto, Ontario, are the auditors of the Scotia ETFs. The auditors will audit each Scotia ETF’s annual financial statements and provide an opinion as to whether they present fairly the Scotia ETF’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards. The auditors are independent with respect to the Scotia ETFs within the meaning of the Chartered Professional Accountants of Ontario Code of Professional Conduct.
- See “Organization and Management Details of the Scotia ETFs – Auditors”.

### *Summary of Fees and Expenses*

The following table lists the fees and expenses that an investor may have to pay if the investor invests in the Scotia ETFs. An investor may have to pay some of these fees and expenses directly. The Scotia ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Scotia ETFs. See “Fees and Expenses”.

#### *Fees and Expenses Payable by the Scotia ETFs*

Type of Fee	Amount and Description
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<b>Management Fee:</b>	Annual management fees (the “ <b>Management Fees</b> ”) are paid by the Scotia ETFs to the Manager in consideration for providing, or arranging for the provision of, management and portfolio advisory services including the payment of sub-advisory services, maintaining portfolio systems used to manage the Scotia ETFs, maintaining the website of the Scotia ETFs and marketing and promotional services. See “Organization and Management Details – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.
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The Management Fee is based on a percentage of the NAV of each of the following Scotia ETFs and is listed below:

Scotia ETFs	Management Fee (annual rate)
SITB	0.05%
SITC	0.03%
SITE	0.16%
SITI	0.15%
SITU	0.05%
SRIB	0.10%

SRIC	0.11%
SRII	0.17%
SRIU	0.14%

The Management Fees paid to the Manager by each Scotia ETF are calculated and accrued daily and are paid monthly. The Management Fees shown above are exclusive of GST/HST.

See “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs - Management Fees”.

**Management Fee Distributions:**

To encourage very large investments in the Scotia ETFs and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from a Scotia ETF with respect to investments in the Scotia ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the Scotia ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the Scotia ETF will be distributed quarterly in cash by the Scotia ETF, at the discretion of the Manager, to those Unitholders as management fee distributions. See “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs - Management Fee Distributions”.

**Underlying ETF Fees:**

The Scotia ETFs may invest in one or more Underlying ETFs that charges a management fee (“**Underlying Fund Management Fees**”). To ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

See “Investment Strategies – Investment in other Investment Funds or Exchange Traded Funds” and “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs - Underlying ETF Fees”.

**Operating Expenses:**

Other than ETF Costs (as defined below), in consideration for the payment by the Scotia ETFs of a fixed administration fee (the “**Fixed Administration Fee**”) to the Manager, and subject to compliance with NI 81-102, the Manager pays for the following operating expenses of the Scotia ETFs (“**Operating Expenses**”), including but not limited to: transfer agency and recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees, administration costs, bank charges, costs of preparing and distributing annual and semi-annual reports, prospectuses, ETF Facts and statements, investor communications, continuous disclosure materials, mailing and printing expenses for periodic reports to Unitholders; fees and expenses relating to voting of proxies by a third party; stock exchange and index licensing fees and CDS fees. The Manager may, in some years and in certain cases, pay a portion of a Scotia ETF’s Fixed Administration Fee. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

The amount of the applicable Fixed Administration Fee that will apply to a Scotia ETF will fall under one of three tiers depending on the amount of net assets of that Scotia ETF as at the end of the immediately preceding calendar month-end. The three tiers are: (i) less than \$750 million in net assets; (ii) \$750 million to \$3 billion in net assets; and (iii) greater than \$3 billion in net assets. The Fixed Administration Fee is calculated as a fixed annual percentage (accrued daily and payable monthly) of the NAV of each Scotia ETF as follows:

Scotia ETFs	Fixed Administration Fee		
	Tier 1	Tier 2	Tier 3
	Assets Under Management (“AUM”) Up to \$750M	AUM Up to \$3,000M	AUM Over \$3,000M
<b>SITB</b>	0.030%	0.027%	0.024%
<b>SITC</b>	0.020%	0.018%	0.016%
<b>SITE</b>	0.090%	0.081%	0.072%
<b>SITI</b>	0.050%	0.045%	0.040%
<b>SITU</b>	0.030%	0.027%	0.024%
<b>SRIB</b>	0.030%	0.027%	0.024%
<b>SRIC</b>	0.020%	0.018%	0.016%
<b>SRII</b>	0.050%	0.045%	0.040%
<b>SRIU</b>	0.030%	0.027%	0.024%

As a Scotia ETF surpasses these net asset level thresholds, the Fixed Administration Fee will be reduced to rates consistent with the table above, and such Fixed Administration Fee will, upon being reduced based on the amount of net assets based on the immediately preceding calendar month-end, apply to the entire portfolio of the Scotia ETF. This tiered structure will allow all investors of a Scotia ETF to share in the benefits of economies of scale as the Scotia ETFs grow in size.

The Fixed Administration Fee is charged in addition to the Management Fee and ETF Costs described below. The Fixed Administration Fee paid to the Manager by the Scotia ETFs may, in any particular period, be less than or exceed the Operating Expenses that the Manager incurs.

#### **ETF Costs:**

The operating costs (“**ETF Costs**”) which are payable by the Scotia ETFs include the costs and expenses related to the IRC of the Scotia ETFs (such as IRC member fees, insurance coverage, meeting costs and compliance with NI 81-107), the cost of complying with any new government or regulatory requirements introduced after October 20, 2020, any new types of costs, expenses or fees not incurred prior to October 20, 2020, including those related to external services that were not commonly charged in the Canadian mutual fund industry, any new fee introduced after October 20, 2020 by a securities regulator or other government authority that is based on the assets or other criteria of the funds, any transaction costs, including all fees and costs related to derivatives, any borrowing costs (if applicable), and any taxes payable by a Scotia ETF to which that Scotia ETF may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes and other taxes.

A Scotia ETF is required to pay GST/HST on Management Fees and Fixed Administration Fees payable to the Manager. In general, the total GST/HST paid by a Scotia ETF will depend on the distribution by provincial residence of a Scotia ETF’s Unitholders. Changes in existing GST/HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of a Scotia ETF’s Unitholders will have an impact on the management expense ratio of a Scotia ETF year over year.

The purchase price of all securities and other property acquired by or on behalf of a Scotia ETF (including, but not limited to, brokerage fees, commissions and service charges paid in connection with the purchase and sale of such securities and other property) are considered capital costs paid directly by the Scotia ETFs and therefore are not considered part of the operating expenses of the Scotia ETFs paid by the Manager.

The Scotia ETFs are also responsible for any extraordinary expenses that a Scotia ETF may incur; any expenses of insurance and costs of all suits or legal proceedings in connection with the Scotia ETFs or the assets of the Scotia ETFs or to protect the Unitholders, the Trustee, the Manager, and the directors, officers, employees or agents of any of them; and any expenses of indemnification of the Trustee, the Unitholders, the Manager, and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust.

**Expenses of the Issue:** Apart from the initial organizational costs of a Scotia ETF, all expenses related to the issuance of Units of a Scotia ETF shall be borne by the Scotia ETF unless otherwise waived or reimbursed by the Manager. See “Fees and Expenses”.

*Fees and Expenses Payable Directly by Unitholders*

**Administration Fee:** An amount as may be agreed to between the Manager and the Designated Broker or Dealer, of a Scotia ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Scotia ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the Designated Exchange.

See “Exchange and Redemption of Units – Administration Fee”.

## OVERVIEW OF THE LEGAL STRUCTURE OF THE SCOTIA ETFs

The Scotia ETFs are exchange traded mutual funds established under the laws of the province of Ontario, pursuant to the terms of the Declaration of Trust. Each Scotia ETF is a mutual fund under Canadian Securities Legislation. 1832 Asset Management L.P. is the trustee, manager and investment manager of the Scotia ETFs and is responsible for the administration of the Scotia ETFs.

The principal office of the Scotia ETFs and the Manager is located at Scotiabank North, 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.

The following chart sets out the full legal name as well as the ticker symbol for each of the Scotia ETFs:

Scotia ETFs	Ticker Symbol
Scotia Canadian Bond Index Tracker ETF	SITB
Scotia Canadian Large Cap Equity Index Tracker ETF	SITC
Scotia Emerging Markets Equity Index Tracker ETF	SITE
Scotia International Equity Index Tracker ETF	SITI
Scotia U.S. Equity Index Tracker ETF	SITU
Scotia Responsible Investing Canadian Bond Index ETF	SRIB
Scotia Responsible Investing Canadian Equity Index ETF	SRIC
Scotia Responsible Investing International Equity Index ETF	SRII
Scotia Responsible Investing U.S. Equity Index ETF	SRIU

## INVESTMENT OBJECTIVES

Each Scotia ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of a specified market index. The Manager may, subject to any required Unitholder approval, change the Index underlying a Scotia ETF to another index in order to provide investors with substantially the same exposure to the asset class to which that Scotia ETF is currently exposed. If the Manager changes the Index underlying any Scotia ETF, or any index replacing such Index, the Manager will issue a press release identifying the new Index, describing its Constituent Securities and specifying the reasons for the change in the Index.

### *Scotia Canadian Bond Index Tracker ETF*

SITB seeks to replicate, to the extent possible and before fees and expenses, the performance of a broadly diversified Canadian fixed income market index that tracks the investment returns of Canadian dollar-denominated investment grade bonds issued by governments and corporations. Currently, SITB seeks to replicate Solactive Broad Canadian Bond Universe Liquid ex MPL TR Index.

### *Scotia Canadian Large Cap Equity Index Tracker ETF*

SITC seeks to replicate, to the extent possible and before fees and expenses, the performance of a diversified Canadian large cap equity market index that tracks the investment returns of publicly traded large cap equity securities in Canada. Currently, SITC seeks to replicate Solactive Canada Large Cap Index.

### *Scotia Emerging Markets Equity Index Tracker ETF*

SITE seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad equity market index that tracks the investment returns of publicly traded securities issued by large and mid capitalization companies in the emerging markets. Currently, SITE seeks to replicate Solactive GBS Emerging Markets Large & Mid Cap Index.

*Scotia International Equity Index Tracker ETF*

SITI seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad equity market index that tracks the investment returns of publicly traded securities issued by large and mid capitalization companies in the developed markets outside North America. Currently, SITI seeks to replicate Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index.

*Scotia U.S. Equity Index Tracker ETF*

SITU seeks to replicate, to the extent possible and before fees and expenses, the performance of a broad U.S. equity market index that tracks the investment returns of publicly traded large capitalization U.S. stocks. Currently, SITU seeks to replicate Solactive GBS United States 500 CAD Index.

*Scotia Responsible Investing Canadian Bond Index ETF*

SRIB seeks to replicate, to the extent possible and before fees and expenses, the performance of a responsible bond index that tracks the investment returns of Canadian dollar-denominated investment grade bonds. Currently, SRIB seeks to replicate Solactive Responsible Canadian Bond Universe Liquid ex MPL TR Index.

*Scotia Responsible Investing Canadian Equity Index ETF*

SRIC seeks to replicate, to the extent possible and before fees and expenses, the performance of a responsible equity index that tracks the investment returns of publicly traded equity securities in Canada. Currently, SRIC seeks to replicate Solactive Responsible Canadian Equity Index.

*Scotia Responsible Investing International Equity Index ETF*

SRII seeks to replicate, to the extent possible and before fees and expenses, the performance of a responsible equity index that tracks the investment returns of publicly traded equity securities issued by companies in the developed markets outside North America. Currently, SRII seeks to replicate Solactive Responsible International Equity Index.

*Scotia Responsible Investing U.S. Equity Index ETF*

SRIU seeks to replicate, to the extent possible and before fees and expenses, the performance of a responsible equity index that tracks the investment returns of publicly traded U.S. stocks. Currently, SRIU seeks to replicate Solactive Responsible U.S. Equity Index.

The investment objective of each Scotia ETF may not be changed except with the approval of its Unitholders. See “Unitholder Matters”.

**The Indices***Solactive Broad Canadian Bond Universe Liquid ex MPL TR Index*

The Solactive Broad Canadian Bond Universe Liquid ex MPL TR Index is designed to measure the performance of liquid Canadian investment grade bonds (government and corporate bonds) excluding Canadian dollar denominated issues of foreign issuers. The Index is rebalanced monthly. Additional information about the Index is available at: <https://www.solactive.com/indices>.

*Solactive Canada Large Cap Index (CA NTR)*

The Solactive Canada Large Cap Index intends to track the performance of the 60 largest companies from the Toronto Stock Exchange. Constituents are selected and weighted based on free float market capitalization. The Index is calculated as a CA net total return index in Canadian dollars and is rebalanced quarterly. Additional information about the Index is available at: <https://www.solactive.com/indices>.

*Solactive GBS Emerging Markets Large & Mid Cap Index (CA NTR)*

The Solactive GBS Emerging Markets Large & Mid Cap Index intends to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the emerging markets. The Index is calculated as a CA net total return index in Canadian dollars and is rebalanced quarterly. Additional information about the Index is available at: <https://www.solactive.com/indices>.

*Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index (CA NTR)*

The Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index intends to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the developed markets excluding North America. The Index is calculated as a CA net total return index in Canadian dollars and is rebalanced quarterly. Additional information about the Index is available at: <https://www.solactive.com/indices>.

*Solactive GBS United States 500 CAD Index (CA NTR)*

The Solactive GBS United States 500 CAD Index intends to track the performance of the largest 500 companies from the US stock market and is based on the Solactive Global Benchmark Series. Constituents are selected based on company market capitalization and weighted by free float market capitalization. The Index is calculated as a CA net total return index in Canadian dollars and is rebalanced quarterly. Additional information about the Index is available at: <https://www.solactive.com/indices>.

*Solactive Responsible Canadian Bond Universe Liquid ex MPL TR Index*

The Solactive Responsible Canadian Bond Universe Liquid ex MPL TR Index is administered by the Index Provider and is a subset of the Solactive Broad Canadian Bond Universe Liquid ex MPL TR Index, its “parent index”. The Index intends to track the performance of all the constituent securities in the parent index that also satisfy a set of responsible investing screening criteria defined by the Index Provider.

The parent index is designed to measure the performance of liquid Canadian investment grade bonds (government and corporate bonds) excluding Canadian dollar denominated issues of foreign issuers. The securities of the parent index will constitute a starting pool from which the securities of the Index will be selected. The Index Provider evaluates all the corporate issuers in the parent index based on the Responsible Investing Exclusion Criteria outlined below, which evaluation is based on data provided by third-party research. The remaining securities after applying the exclusionary rules are selected as the Constituent Securities.

The Constituent Securities are weighted according to free-float market capitalization and the overall weight of corporate issuers (vs. government issuers) is capped at a similar level as that of the parent index. The Index is rebalanced monthly. Additional information about the Index is available at: <https://www.solactive.com/indices>.

*Solactive Responsible Canadian Equity Index*

The Solactive Responsible Canadian Equity Index is administered by the Index Provider and is a subset of the Solactive GBS Canada Large & Mid Cap Index, its “parent index”. The Index intends to track the performance of all the constituent securities in the parent index that also satisfy a set of responsible investing screening criteria defined by the Index Provider.

The parent index is designed to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the Canadian market. The securities of the parent index will constitute a starting pool from which the securities of the Index will be selected. The Index Provider evaluates all the issuers in the parent index based on the Responsible Investing Exclusion Criteria outlined below, which evaluation is based on data provided by third-party research. The remaining securities after applying the exclusionary rules are selected as the Constituent Securities.

The Constituent Securities are weighted according to free-float market capitalization, and the maximum weight of a single security is 10%. The Index is rebalanced quarterly. Additional information about the Index is available at: <https://www.solactive.com/indices>.

*Solactive Responsible International Equity Index*

The Solactive Responsible International Equity Index is administered by the Index Provider and is a subset of the Solactive GBS Developed Markets ex North America Large & Mid Cap Index, its “parent index”. The Index intends to track the performance of all the constituent securities in the parent index that also satisfy a set of responsible investing screening criteria defined by the Index Provider.

The parent index is designed to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the developed markets excluding North America. The securities of the parent index will constitute a starting pool from which the securities of the Index will be selected. The Index Provider evaluates all the issuers in the parent index based on the Responsible Investing Exclusion Criteria outlined

below, which evaluation is based on data provided by third-party research. The remaining securities after applying the exclusionary rules are selected as the Constituent Securities.

The Constituent Securities are weighted according to free-float market capitalization, and the maximum weight of a single security is 10%. The Index is rebalanced quarterly. Additional information about the Index is available at: <https://www.solactive.com/indices>.

#### *Solactive Responsible U.S. Equity Index*

The Solactive Responsible U.S. Equity Index is administered by the Index Provider and is a subset of the Solactive GBS United States Large & Mid Cap Index, its “parent index”. The Index intends to track the performance of all the constituent securities in the parent index that also satisfy a set of responsible investing screening criteria defined by the Index Provider.

The parent index is designed to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the United States. The securities of the parent index will constitute a starting pool from which the securities of the Index will be selected. The Index Provider evaluates all the issuers in the parent index based on the Responsible Investing Exclusion Criteria outlined below, which evaluation is based on data provided by third-party research. The remaining securities after applying the exclusionary rules are selected as the Constituent Securities.

The Constituent Securities are weighted according to free-float market capitalization, and the maximum weight of a single security is 10%. The Index is rebalanced quarterly. Additional information about the Index is available at: <https://www.solactive.com/indices>.

#### **Responsible Investing Exclusion Criteria (applicable to the Scotia Responsible Index ETFs)**

The securities of the applicable parent index are evaluated in accordance with the following rules:

1. **Established Norms** – Issuers with alleged or verified failure to respect established norms, including the principles defined by the United Nations Global Compact on environmental protection, human rights, labour standards, and anti-corruption, are excluded from the Index. Issuers for which an assessment is not possible due to missing or incomplete information are also excluded from the Index.
2. **Controversial Weapons** – Issuers with verified ongoing involvement in controversial weapons, including chemical, biological and nuclear weapons, depleted uranium, cluster munitions and anti-personnel mines, are excluded from the Index. Issuers for which an assessment is not possible due to missing or incomplete information are also excluded from the Index.
3. **Controversial Business Activities** – Issuers that derive more than a specified percentage of their revenue (as determined by the Index Provider to measure material involvement) from business activities involving alcohol, cannabis, coal mining, coal power generation, fossil fuel, nuclear power, gambling, GMO, hydraulic fracturing, military, oil sands, pornography and tobacco are excluded from the Index. Issuers for which an assessment is not possible due to missing or incomplete information are also excluded from the Index.
4. **Gender Representation** – Issuers with no women represented on the Board of Directors or in any one of the top decision-making positions, including CEO, CFO, COO, are excluded from the Index.
5. **Carbon Intensity** – The remaining securities after applying the four exclusions above are ranked according to their carbon intensity profiles within their respective sectors, as measured by green house gas emissions per dollar of revenue. The 25% of issuers with the highest carbon intensity profiles within each sector are excluded from the Index.

The selection of constituents is fully rules-based and the Index Provider cannot make any discretionary decisions.

#### **Change in an Index**

The Manager may, subject to any required Unitholder approval, change the Index tracked by a Scotia ETF to another widely recognized index in order to provide investors with substantially the same exposure to the asset class to that



which the Scotia ETF is currently exposed. If the Manager changes the Index, or any index replacing such Index, the Manager will issue a press release identifying the new Index, describing its Constituent Securities and specifying the reasons for the change in the Index.

### **Termination of an Index**

The Index Provider maintains the Indices and the Index calculation agent determines and calculates the Indices for the Index Provider. In the event that the Index Provider or Index calculation agent cease to calculate an Index or the License Agreement is terminated, the Manager may terminate a Scotia ETF on 60 days' notice, change the investment objective of that Scotia ETF or seek to replicate the performance of an alternative Index (subject to Unitholder approval if required in accordance with NI 81-102), or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders in the circumstances.

If an alternate Index is selected, the investment objective of the Scotia ETF shall be to replicate, to the extent reasonably possible and before fees and expenses, the performance of such alternate specified market index.

### **Use of the Indices**

The Manager and each Scotia ETF are permitted to use the applicable Index pursuant to the License Agreement described under "Material Contracts". The Manager and the Scotia ETFs do not accept responsibility for, or guarantee the accuracy and/or completeness of, the Indices or any data included in the Indices. See "Additional Information".

## **INVESTMENT STRATEGIES**

In order to achieve its investment objective, each Scotia ETF invests in the Constituent Securities of the applicable Index in a similar proportion as they are assembled in the Index.

In addition, the Scotia ETFs may also invest, directly or indirectly, in a portfolio comprised of various securities and instruments which may include, but are not limited to, equity and equity related securities, fixed income securities and futures contracts (provided such investments are consistent with such Scotia ETF's investment objectives and strategies). Equity related securities held by the Scotia ETFs may include, but are not limited to, American depositary receipts, convertible debt, income trust units, single issuer equity options, preferred shares and warrants. If market conditions require, in order to preserve capital, a Scotia ETF may seek to invest a substantial portion of its assets in cash and cash equivalents or other money market instruments in order to meet their current obligations.

### **Sampling Strategy**

As an alternative to investing in the Constituent Issuers of the Index directly, the Manager at its discretion may employ a sampling methodology to replicate the aggregate investment characteristics of the Constituent Securities in the applicable Index. In doing so, the Manager may elect to hold either a subset of the Constituent Securities or a combination of a subset of the Constituent Securities and other securities that are consistent with the investment objectives of the Scotia ETFs. The Manager evaluates various risk factors, performance attributes, sector and country weights and other financial metrics to select representative securities as part of the sampling methodology. The Manager may also use derivative contracts, such as futures, options and swaps, as well as exchange-traded funds to replicate the expected market exposure in the applicable Index as part of the sampling methodology.

The Manager is expected to deploy the sampling methodology where it may be difficult to acquire certain Constituent Securities due to illiquidity, where the asset levels of Scotia ETFs do not allow for the holding of all of the Constituent Securities or where it is otherwise beneficial to the Scotia ETF to do so.

### **Investment in other Investment Funds or Exchange Traded Funds**

In accordance with applicable securities legislation, including NI 81-102 or an exemption therefrom, a Scotia ETF may invest in one or more exchange traded funds ("Underlying ETFs") listed on a stock exchange in Canada or the United States. Such Underlying ETFs may themselves invest in securities of other investment funds, which may be managed by the same, affiliated or third-party investment fund managers. To ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to

absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

The Underlying ETFs in which a Scotia ETF invests may include Canadian or U.S. exchange traded funds. See also “Underlying ETF Fees” below.

### **ESG Considerations**

Funds that do not incorporate environmental, social and governance (ESG) considerations into their investment objectives or primary investment strategies, do not seek to achieve any ESG-related outcome or attributes at the security or portfolio level, and do not make any commitments regarding the ESG-related attributes at the security or portfolio level. For those actively managed funds advised by the Manager that do not incorporate ESG considerations into their investment objectives or primary investment strategies, ESG factors are considered, when deemed material, alongside many other factors, through the lens of how they could impact the fund’s risk and/or return and investment objectives. For passively managed funds, such as index-trackers, that do not incorporate ESG considerations into their investment objectives or primary investment strategies, ESG factors are not considered in the investment process, except insofar as the Manager or sub-advisor, as applicable, incorporates ESG considerations into proxy voting and shareholder engagement strategies.

For the actively managed funds advised by the Manager, the consideration of ESG factors is part of the fundamental investment process, which means that relevant financial and non-financial factors (ESG and otherwise) are considered when researching and analyzing securities. Incorporating ESG factors into the investment process may include proprietary research, and a systematic approach to risks and opportunities. Issuers may also be evaluated based on ESG data provided by third-party research. ESG-related factors that may be considered could include but are not limited to: direct or indirect impacts of climate change (e.g., greenhouse gas emissions and associated regulatory costs, property damage, supply disruptions), poor labour standards and/or hiring practices, and weak or ineffective governance policies and procedures (e.g., lack of ethics policies, bribery and corruption).

For both active and passively managed funds, company engagement and proxy voting are informed by many considerations, including relevant ESG factors, but these activities are not necessarily directed towards any ESG related outcome. Company engagement may include meetings with issuers to foster a deeper understanding of specific companies and issues, direct engagement with issuers to communicate views to management, and exercising proxy voting rights. Proxies will be voted in the best interest of the funds in all cases and engagement strategies may apply. The rationale for proxy votes and engagement approach could be informed by ESG considerations along with many other factors to determine what is in the best interest of the funds.

### **Use of Derivatives**

A Scotia ETF may use derivative instruments from time to time for hedging or investment purposes. For example, a Scotia ETF may use derivatives to gain exposure to a particular issuer or class of issuers in circumstances where the Manager has determined that synthetic exposure would be preferable to a direct investment. Any use of derivative instruments by a Scotia ETF must be in compliance with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Scotia ETF.

### **Currency Hedging**

Each Scotia ETF’s exposure to foreign currencies will not be hedged back to the Canadian dollar by the Manager or Sub-Advisor.

### **Securities Lending**

A Scotia ETF may, in compliance with NI 81-102, lend securities to securities borrowers that are acceptable to it pursuant to the terms of a Securities Lending Agreement under which: (i) the borrower will pay to the Scotia ETF a negotiated securities lending fee and will make compensation payments to the Scotia ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the Scotia ETF will receive collateral security. The Lending Agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. Any securities lending revenue earned by a Scotia ETF will be credited to the account of that Scotia ETF.

Pursuant to the requirements of NI 81-102, the Manager intends to manage the risks associated with securities lending by requiring that each Securities Lending Agreement be, at a minimum, secured by investment grade securities or cash with a value of at least 102% of the market value of the securities subject to the transaction. The amount of collateral will be adjusted daily to ensure this collateral coverage is maintained at all times. All such securities loans will only be with parties the Manager considers to be qualified borrowers. In the case of securities lending or repurchase transactions, the aggregate market value of all securities lent and sold by a Scotia ETF will not exceed more than 50% of the NAV of that Scotia ETF immediately after the Scotia ETF enters into such a transaction.

Policies and procedures relating to any securities lending, repurchase and reverse repurchase transaction entered into on behalf of a Scotia ETF will be developed by the Manager and the Lending Agent in administering the transaction. Such policies and procedures will set out (i) the objectives and goals for securities lending, repurchase transactions or reverse repurchase transactions and (ii) the risk management procedures, including limits and other controls on such transactions, applicable to the Scotia ETFs.

The creditworthiness of each qualified borrower to a securities loan will be evaluated by the Manager. Any agreements, policies and procedures that are applicable to a Scotia ETF relating to securities lending will be reviewed and approved annually by senior management of the Manager. At present, there are no simulations used to test the portfolios under stress conditions to measure risk in connection with the use of securities lending transactions.

### **Rebalancing Events**

Whenever the Index Provider rebalances or adjusts an Index, including by adding securities to or subtracting securities from that Index, or whenever the Manager determines that there should be a change to the representative sample of the Index, a Scotia ETF may acquire and/or dispose of the appropriate number of securities, either through the Designated Broker or Dealers in the open market.

If the rebalancing is done through the Designated Broker and if the value of all securities purchased by a Scotia ETF exceeds the value of all securities disposed of by that Scotia ETF as part of the rebalancing process, the Scotia ETF may issue to the Designated Broker Units with an aggregate NAV per Unit equal to the excess value or, in the alternative, may pay a cash amount equal to such excess amount. Conversely, if the value of all securities disposed of by the Scotia ETF exceeds the value of all securities acquired by that Scotia ETF, the Scotia ETF may receive the excess value in cash.

### **Actions Affecting Constituent Issuers**

From time to time, certain corporate or other actions may be taken or proposed by a Constituent Issuer or by a third party that could affect a Constituent Issuer of an Index. An example of such an action would be if a takeover bid or an issuer bid is made for a Constituent Security. In each such case, the Manager will determine, in its discretion, what steps, if any, the Scotia ETF will take to address the action. In exercising such discretion, the Manager will generally take those steps necessary to ensure that the Scotia ETF continues to seek to replicate, to the extent reasonably possible and before fees and expenses, the applicable Index.

## **OVERVIEW OF THE SECTORS IN WHICH THE SCOTIA ETFs INVEST**

Please see “Investment Objectives” and “Investment Strategies” for additional information on the sectors applicable to each Scotia ETF.

## **INVESTMENT RESTRICTIONS**

The Scotia ETFs are subject to certain investment restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the Scotia ETFs are diversified and relatively liquid, and to ensure their proper administration. A change to the fundamental investment objectives of a Scotia ETF would require the approval of the Unitholders of that Scotia ETF. Please see “Unitholder Matters – Matters Requiring Unitholder Approval”.

Subject to the following, and any exemptive relief that has been or will be obtained, the Scotia ETFs are managed in accordance with the investment restrictions and practices set out in the applicable Canadian Securities Legislation, including NI 81-102. See “Exemptions and Approvals”.

### **Tax Related Investment Restriction**

A Scotia ETF will not make an investment or conduct any activity that would (i) result in the Scotia ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act, or (ii) being subject to the tax applicable to “SIFT trusts” for purposes of the Tax Act.

### **FEES AND EXPENSES**

This section details the fees and expenses that an investor may have to pay if the investor invests in the Scotia ETFs. An investor may have to pay some of these fees and expenses directly. The Scotia ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Scotia ETFs.

#### **Fees and Expenses Payable by the Scotia ETFs**

##### *Management Fees*

Annual management fees (the “**Management Fees**”) are paid by the Scotia ETFs to the Manager in consideration for providing, or arranging for the provision of, management and portfolio advisory services including the payment of sub-advisory services, maintaining portfolio systems used to manage the Scotia ETFs and maintaining the website of the Scotia ETFs, marketing and promotional services. See “Organization and Management Details – Manager – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.

The Management Fees are based on a percentage of the NAV of each of the following Scotia ETFs and is listed below:

<b>Scotia ETFs</b>	<b>Management Fee (annual rate)</b>
SITB	0.05%
SITC	0.03%
SITE	0.16%
SITI	0.15%
SITU	0.05%
SRIB	0.10%
SRIC	0.11%
SRII	0.17%
SRIU	0.14%

The Management Fees paid to the Manager by each Scotia ETF are calculated and accrued daily and are paid monthly. The Management Fees shown above are exclusive of GST/HST.

##### *Management Fee Distributions*

To encourage very large investments in the Scotia ETFs and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from a Scotia ETF with respect to investments in the Scotia ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the Scotia ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the Scotia ETF will be distributed quarterly in cash by the Scotia ETF, at the discretion of the Manager, to those Unitholders as management fee distributions (the “**Management Fee Distributions**”).

The availability and amount of Management Fee Distributions with respect to Units of a Scotia ETF will be determined by the Manager. Management Fee Distributions for a Scotia ETF will generally be calculated and applied based on a Unitholder's average holdings of Units of the Scotia ETF over each applicable period as specified by the Manager from time to time. Management Fee Distributions will be available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other CDS Participants that hold Units on behalf of beneficial owners. Management Fee Distributions will be paid first out of net income of the Scotia ETF, then out of capital gains of the Scotia ETF and thereafter out of capital. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units of a Scotia ETF must submit a claim for a Management Fee Distribution that is verified by a CDS Participant on the beneficial owner's behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by a Scotia ETF generally will be borne by the Unitholders of the Scotia ETF receiving these distributions from the Scotia ETF.

#### *Underlying ETF Fees*

The Scotia ETFs may invest in one or more Underlying ETFs that charges a management fee ("**Underlying Fund Management Fees**"). To ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

#### *Operating Expenses*

Other than ETF Costs (as defined below), in consideration for the payment by the Scotia ETFs of a fixed administration fee (the "**Fixed Administration Fee**") to the Manager, and subject to compliance with NI 81-102, the Manager pays for the following operating expenses of the Scotia ETFs ("**Operating Expenses**"), including but not limited to: transfer agency and recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees, administration costs, bank charges, costs of preparing and distributing annual and semi-annual reports, prospectuses, ETF Facts and statements, investor communications, continuous disclosure materials, mailing and printing expenses for periodic reports to Unitholders; fees and expenses relating to voting of proxies by a third party; stock exchange and index licensing fees and CDS fees. The Manager may, in some years and in certain cases, pay a portion of a Scotia ETF's Fixed Administration Fee. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees.

The amount of the applicable Fixed Administration Fee that will apply to a Scotia ETF will fall under one of three tiers depending on the amount of net assets of that Scotia ETF as at the end of the immediately preceding calendar month-end. The three tiers are: (i) less than \$750 million in net assets; (ii) \$750 million to \$3 billion in net assets; and (iii) greater than \$3 billion in net assets. The Fixed Administration Fee is calculated as a fixed annual percentage (accrued daily and payable monthly) of the NAV of each Scotia ETF as follows:

Scotia ETFs	Fixed Administration Fee		
	Tier 1	Tier 2	Tier 3
	Assets Under Management ("AUM") Up to \$750M	AUM Up to \$3,000M	AUM Over \$3,000M
<b>SITB</b>	0.030%	0.027%	0.024%
<b>SITC</b>	0.020%	0.018%	0.016%
<b>SITE</b>	0.090%	0.081%	0.072%
<b>SITI</b>	0.050%	0.045%	0.040%
<b>SITU</b>	0.030%	0.027%	0.024%
<b>SRIB</b>	0.030%	0.027%	0.024%

<b>SRIC</b>	0.020%	0.018%	0.016%
<b>SRII</b>	0.050%	0.045%	0.040%
<b>SRIU</b>	0.030%	0.027%	0.024%

As a Scotia ETF surpasses these net asset level thresholds, the Fixed Administration Fee will be reduced to rates consistent with the table above, and such Fixed Administration Fee will, upon being reduced based on the amount of net assets based on the immediately preceding calendar month-end, apply to the entire portfolio of the Scotia ETF. This tiered structure will allow all investors of a Scotia ETF to share in the benefits of economies of scale as the Scotia ETFs grow in size.

The Fixed Administration Fee is charged in addition to the Management Fee and ETF Costs described below. The Fixed Administration Fee paid to the Manager by the Scotia ETFs may, in any particular period, be less than or exceed the Operating Expenses that the Manager incurs.

#### *ETF Costs*

The operating costs (“**ETF Costs**”) which are payable by the Scotia ETFs include the costs and expenses related to the IRC of the Scotia ETFs (such as IRC member fees, insurance coverage, meeting costs and compliance with NI 81-107), the cost of complying with any new government or regulatory requirements introduced after October 20, 2020, any new types of costs, expenses or fees not incurred prior to October 20, 2020, including those related to external services that were not commonly charged in the Canadian mutual fund industry, any new fee introduced after October 20, 2020 by a securities regulator or other government authority that is based on the assets or other criteria of the funds, any transaction costs, including all fees and costs related to derivatives, any borrowing costs (if applicable), and any taxes payable by a Scotia ETF to which that Scotia ETF may be subject, including income taxes, sales taxes (including GST/HST) and/or withholding taxes and other taxes.

A Scotia ETF is required to pay GST/HST on Management Fees and Fixed Administration Fees payable to the Manager. In general, the total GST/HST paid by a Scotia ETF will depend on the distribution by provincial residence of a Scotia ETF’s Unitholders. Changes in existing GST/HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of a Scotia ETF’s Unitholders will have an impact on the management expense ratio of a Scotia ETF year over year.

The purchase price of all securities and other property acquired by or on behalf of a Scotia ETF (including, but not limited to, brokerage fees, commissions and service charges paid in connection with the purchase and sale of such securities and other property) are considered capital costs paid directly by the Scotia ETFs and therefore are not considered part of the operating expenses of the Scotia ETFs paid by the Manager.

The Scotia ETFs are also responsible for any extraordinary expenses that a Scotia ETF may incur; any expenses of insurance and costs of all suits or legal proceedings in connection with the Scotia ETFs or the assets of the Scotia ETFs or to protect the Unitholders, the Trustee, the Manager, and the directors, officers, employees or agents of any of them; and any expenses of indemnification of the Trustee, the Unitholders, the Manager, and the directors, officers, employees or agents of any of them to the extent permitted under the Declaration of Trust.

#### *Expenses of Issue*

Apart from the initial organizational costs of a Scotia ETF, all expenses related to the issuance of Units of a Scotia ETF shall be borne by the Scotia ETF unless otherwise waived or reimbursed by the Manager.

### **Fees and Expenses Payable Directly by the Unitholders**

#### *Administration Fees*

An amount as may be agreed to between the Manager and the Designated Broker or Dealer, of a Scotia ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Scotia ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the Designated Exchange.

## **RISK FACTORS**

In addition to the considerations set out elsewhere in this prospectus, the purchase of Units is subject to investment risks that prospective investors should consider before purchasing such Units, including but not limited to the risks set forth below. Investors could lose money by purchasing Units because the value of the Units may be worth more or less than what the investor originally paid for them. The significance of any specific risk will vary over time, depending on the composition of the portfolio of each Scotia ETF, market conditions, and other factors. All of the risk information presented below should be read carefully because any one or more of these risks may result in losses to a Scotia ETF.

### **General Risks Relating to an Investment in the Scotia ETFs**

#### *No Guaranteed Return*

There is no guarantee that an investment in a Scotia ETF will earn any positive return. The value of the Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting a Scotia ETF's investments. All prospective Unitholders should consider an investment in a Scotia ETF within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons.

#### *General Risks of Investments*

The value of the underlying securities of a Scotia ETF, whether held directly or indirectly, may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities, the condition of equity and currency markets generally and other factors. The identity and weighting of the Constituent Issuers and Constituent Securities in a Scotia ETF also change from time to time.

The risks inherent in investments in equity securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the Constituent Securities and, as a result, a decrease in the value of the Units of a Scotia ETF). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises.

#### *Asset Class Risk*

The Constituent Securities may underperform the returns of other securities that track other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

#### *ESG Factor Risk*

Certain Scotia ETF's do not incorporate ESG considerations into their investment objectives. For such Scotia ETFs, ESG factors are considered, when deemed material, alongside many other factors, through the lens of how they could impact the Scotia ETF's investment objective. The ESG factors considered in a Scotia ETF's investment process and the extent to which they are considered, if at all, depend on the Scotia ETF's particular investment objectives and strategies. Scotia ETFs that do not incorporate ESG considerations into their investment objectives do not seek to achieve any ESG-related outcome or attributes at the security or portfolio level, and do not make any commitments regarding the ESG-related attributes at the security or portfolio level. The investment approach of the portfolio adviser or sub-adviser, as applicable, may not eliminate the possibility of a Scotia ETF having exposure to companies that certain investors may perceive to exhibit negative ESG characteristics or poor performance on certain ESG factors. Investors can differ in their views of what constitutes positive or negative ESG performance on any given ESG factor. As a result, a Scotia ETF may invest in issuers that do not reflect the beliefs and values of every investor.

#### *Passive Investment Risks*

The value of the applicable Index of a Scotia ETF may fluctuate in accordance with the financial condition of the Constituent Issuers that are represented in such Index (particularly those that are more heavily weighted), the value of the securities generally and other factors.

In the case of a Scotia ETF that is based on an Index concentrated on one stock exchange, if that stock exchange is not open, the Scotia ETF will be unable to determine the NAV per Unit and may be unable to satisfy redemption requests.

Because the investment objective of each Scotia ETF is to replicate the performance of the applicable Index, the Constituent Securities included in the portfolio of a Scotia ETF are not actively managed by traditional methods and the Manager will not attempt to take defensive positions by adjusting the Constituent Issuers or Constituent Securities included in the portfolio of a Scotia ETF in declining markets. Therefore, the adverse financial condition of a Constituent Issuer represented in an Index will not necessarily result in the elimination of exposure to its securities, whether direct or indirect, by a Scotia ETF unless the Constituent Securities are removed from the applicable Index.

#### *Replication Risk*

Each Scotia ETF will not replicate exactly the performance of the applicable Index because the total return generated by the Units will be reduced by the Management Fee and Fixed Administration Fee paid or payable by the Scotia ETF, the brokerage and commission costs incurred in acquiring and rebalancing the portfolio of securities held by the Scotia ETF and the other ETF Costs paid or payable by the Scotia ETFs. These fees and expenses are not included in the calculation of the performance of the applicable Index.

Deviations in the tracking of the applicable Index by a Scotia ETF could occur for a variety of other reasons. Examples may include (but are not limited to) the timing and magnitude of cash inflows and outflows from and to a Scotia ETF, which could create cash balances that cause the Scotia ETF's performance to deviate from an index that is "fully invested" at all times or, where a Scotia ETF tenders securities under a successful takeover bid for less than all securities of a Constituent Issuer and the Constituent Issuer is not removed from the applicable Index, the Scotia ETF may be required to buy replacement securities at a purchase price that may be more than the takeover bid price due to timing variances.

It is also possible that a Scotia ETF may not fully replicate the performance of the applicable Index due to the temporary unavailability of certain Constituent Securities in the secondary market, the investment strategies and investment restrictions applicable to the Scotia ETF, including the use of a sampling methodology, or due to other extraordinary circumstances.

#### *Sampling Methodology Risk*

The Scotia ETFs may employ a sampling methodology or may hold an exchange traded fund that employs a sampling methodology. A sampling methodology involves seeking to replicate the performance of the applicable Index by holding a subset of the Constituent Securities or a portfolio of some or all of the Constituent Securities and other securities, including derivatives, securities of other exchange traded funds, mutual funds or other public investment funds or depositary receipts, selected by the Manager such that the aggregate investment characteristics of the portfolio are reflective of the aggregate investment characteristics of, or a representative sample of, the applicable Index. It is possible that the use of a sampling methodology may result in a greater deviation in performance relative to the applicable Index than a replication strategy in which only the Constituent Securities are held in the portfolio in approximately the same proportions as they are represented in the applicable Index. In certain circumstances, exposure to one or more securities may be obtained through the use of derivatives.

#### *Rebalancing and Subscription Risk*

Adjustments to Baskets of Securities held by a Scotia ETF to reflect rebalancing events, including adjustments to the applicable Index or as otherwise determined by the Manager or Sub-Advisor, will depend on the ability of the Manager or Sub-Advisor and the Designated Broker to perform their respective obligations under the designated broker agreement(s). If a Designated Broker fails to perform, the Scotia ETF may be required to sell or purchase, as the case may be, Constituent Securities of the applicable Index in the market. If this happens, the Scotia ETF would incur additional transaction costs, which may cause the performance of the Scotia ETF to deviate more significantly from the performance of the applicable Index than would otherwise be expected.

Adjustments to the Basket of Securities necessitated by a rebalancing event could affect the underlying market for the Constituent Securities of the applicable Index, which in turn would affect the value of that Index. Similarly, subscriptions for Units by the applicable Designated Broker and Dealers may impact the market for the Constituent Securities of the Index, as the Designated Broker or the Dealer seeks to buy or to borrow the Constituent Securities to constitute the Baskets of Securities to be delivered to the Scotia ETF as payment for the Units to be issued.



### *Calculation and Termination of the Indices*

The Index Provider and Index calculation agent calculate, determine and maintain the respective Indices. Certain of the Indices were not created by the Index Provider for the sole purpose of the Scotia ETFs. The Index Provider and Index calculation agent may have the right to make adjustments to, or to cease to calculate, the applicable Index without regard to the particular interests of the Manager, the Scotia ETFs or the Unitholders.

If the computer systems or other facilities of the Index Provider, Index calculation agent or the Designated Exchange malfunction for any reason, calculation of the value of one or more Indices and the determination by the Manager of the Prescribed Number of Units and Baskets of Securities for the applicable Scotia ETF may be delayed, and trading in Units may be suspended, for a period of time.

The Manager is not responsible for the Indices and does not provide any warranty or guarantee in respect of the Indices or the activities of the Index Provider.

With respect to a Scotia ETF, if the Index Provider ceases to calculate the applicable Index or the applicable License Agreement in respect of the applicable Index is terminated, the Manager may: (i) terminate the applicable Scotia ETF on not less than 60 days' notice to Unitholders; (ii) change the investment objective of the applicable Scotia ETF or seek to replicate generally an alternative index (subject to any Unitholder approval in accordance with Canadian Securities Legislation); or (iii) make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the Scotia ETF in the circumstances.

### *Issuer Risk*

Changes in the financial condition of a company or other issuer, changes in specific market, economic, political, regulatory, geopolitical, and other conditions that affect a particular type of investment or issuer, and changes in general market, economic, political, regulatory, geopolitical and other conditions can adversely affect the price of an investment. The prices of securities of smaller, less well-known issuers can be more volatile than the prices of securities of larger issuers or the market in general.

### *Illiquid Securities Risk*

Liquidity risk is the risk that a Scotia ETF may not be able to dispose of securities or close out derivatives transactions readily at favorable times or prices (or at all) or at prices approximating those at which a Scotia ETF currently values them. For example, certain investments may be subject to restrictions on resale, may trade in the over-the-counter market or in limited volume, or may not have an active trading market. Illiquid securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. It may be difficult for a Scotia ETF to value illiquid securities accurately. The market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. Disposal of illiquid securities may entail registration expenses and other transaction costs that are higher than those for liquid securities.

### *Reliance on Key Personnel*

Unitholders will be dependent on the abilities of the Manager and Sub-Advisor, as applicable, to effectively manage the Scotia ETFs in a manner consistent with their investment objectives, investment strategies and investment restrictions. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Scotia ETFs will continue to be employed by the Manager and Sub-Advisor, as applicable.

### *Trading Price of Units*

Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in a Scotia ETF's NAV, as well as market supply and demand on the Designated Exchange.

### *Fluctuations in NAV and NAV per Unit*

The NAV and NAV per Unit of a Scotia ETF will vary according to, among other things, the value of the securities held by the Scotia ETF. The Manager and the Scotia ETF have no control over the factors that affect the value of the securities held by the Scotia ETF, including factors that affect the equity markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to each Constituent Issuer, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

### *Cease Trading of Securities Risk*

If the securities of an issuer included in the portfolio of a Scotia ETF are cease-traded by order of the relevant Securities Regulatory Authority or are halted from trading by the relevant stock exchange, the applicable Scotia ETF may halt trading in its securities. Accordingly, securities of a Scotia ETF bear the risk of cease-trading orders against all issuers whose securities are included in its portfolio, not just one. If portfolio securities of the Scotia ETFs are cease-traded by order of a Securities Regulatory Authority, if normal trading of such securities is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for such securities, the Scotia ETFs may suspend the right to redeem securities for cash as described under “Exchange and Redemption of Units – Suspension of Exchanges and Redemptions”, subject to any required prior regulatory approval. If the right to redeem securities for cash is suspended, the Scotia ETFs may return redemption requests to securityholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNU for a Basket of Securities until such time as the cease-trade order is lifted.

### *Concentration Risk*

A Scotia ETF may have more of its net assets invested in one or more Constituent Issuers than is permitted for many investment funds. In these circumstances, the Scotia ETF may be affected more by the performance of individual issuers in its portfolio, with the result that the NAV of the Scotia ETF may be more volatile and may fluctuate more over short periods of time than the NAV of a more broadly diversified investment fund. In addition, this may increase the liquidity risk of these Scotia ETFs which may, in turn, have an effect on the Scotia ETFs’ ability to satisfy redemption requests. This concentration risk will be greater for Scotia ETFs that seek to replicate the performance of an Index that is more concentrated and includes a smaller number of Constituent Issuers than a Scotia ETF that seeks to replicate the performance of a broader Index that includes a larger number of Constituent Issuers.

### *Use of Derivative Instruments*

Each Scotia ETF may use derivative instruments from time to time in accordance with NI 81-102 as described under “Investment Strategies”. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Scotia ETF wants to complete the derivative contract, which could prevent the Scotia ETF from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Scotia ETF from completing the derivative contract; (iv) the Scotia ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if the Scotia ETF has an open position in an option, a futures contract or a forward contract or a swap with a counterparty who goes bankrupt, the Scotia ETF could experience a loss and, for an open futures or forward contract or a swap, a loss of margin deposits with that counterparty; and (vi) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative.

### *Risk of Volatile Markets*

Market prices of investments held by a Scotia ETF will go up or down, sometimes rapidly or unpredictably. Each Scotia ETF’s investments are subject to changes in general economic conditions, market fluctuations and the risks inherent in investment in securities markets. Investment markets can be volatile, and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, changes in actual or perceived creditworthiness of issuers and general market liquidity. Even if general economic conditions do not change, the value of an investment in a Scotia ETF could decline if the particular industries, sectors

or companies in which a Scotia ETF invests do not perform well or are adversely affected by events. Further, legal, political, regulatory and tax changes also may cause fluctuations in markets and securities prices.

#### *Market Disruptions Risk*

Unexpected and unpredictable significant events such as natural disasters, incidents of war, terrorism, civil unrest or disease outbreaks and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian and other economies and securities markets. The effects of such unexpected disruptive events on the economies and securities markets of countries cannot be predicted and could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the value of the portfolios of the Scotia ETFs and may adversely affect the performance of the Scotia ETFs. Upon the occurrence of a disruptive event, the impacted country may not efficiently and quickly recover from such event, which could have a materially adverse effect on borrowers and other developing economic enterprises in such country.

#### *Changes in Legislation*

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Scotia ETFs or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, SIFT trusts or other tax matters affecting trusts will not be changed in a manner that adversely affects the Scotia ETFs or the Unitholders.

Changes in domestic and foreign tax laws, regulatory laws, or the administrative practices or policies of a tax or regulatory authority may adversely affect the Scotia ETF and its investors. For example, the domestic and foreign tax and regulatory environment for derivative instruments is evolving, and changes in the taxation or regulation of derivative instruments may adversely affect the value of derivative instruments held by the Scotia ETF and the ability of the Scotia ETF to pursue its investment strategies. In addition, interpretation of the law and the application of administrative practices or policies by a taxation authority may also affect the characterization of the Scotia ETF's earnings as capital gains or income. In such a case, the net income of the Scotia ETF for tax purposes and the taxable component of distributions to investors could be determined to be more than originally reported, with the result that investors or the Scotia ETF could be liable to pay additional income tax. Any liability imposed on the Scotia ETF may reduce the value of the Scotia ETF and the value of an investor's investment in the Scotia ETF.

#### *Significant Unitholder Risk*

Some Scotia ETFs may have particular investors who own a large proportion of the outstanding Units of it. For example, institutions such as banks and insurance companies or fund companies may purchase Units of the Scotia ETFs for their own mutual funds, including affiliated mutual funds of the Scotia ETFs, segregated investment funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of Units of a Scotia ETF.

If one of those investors redeems a large amount of their investment in a Scotia ETF, the Scotia ETF may have to sell a significant portion of its portfolio investments at unfavourable prices to meet a redemption request, which can result in significant price fluctuations to the NAV of the Scotia ETF and may potentially reduce the returns of the Scotia ETF. Conversely, if a large investor were to increase its investment in a Scotia ETF, that Scotia ETF may have to hold a relatively large portion in cash for a period of time until the Manager or Sub-Advisor, as applicable, finds suitable investments, which could also negatively impact the performance of the Scotia ETF.

#### *Settlement Risk*

Markets in different countries have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions. Delays in settlement may increase credit risk to a Scotia ETF's portfolio, limit the ability of a Scotia ETF to reinvest the proceeds of a sale of securities, hinder the ability of a Scotia ETF to lend its portfolio securities, and potentially subject a Scotia ETF to penalties for its failure to deliver. Delays in the settlement of securities purchased by a Scotia ETF may limit the ability of the Scotia ETF to sell those securities at prices it considers desirable and may subject the Scotia ETF to losses and costs due to its own inability to settle with subsequent purchasers of the securities from it.

### *Taxation of the Scotia ETFs*

For a Scotia ETF to qualify as a “mutual fund trust”, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the Scotia ETF and the dispersal of ownership of a particular class of its Units.

A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. The Scotia ETFs contain a restriction on the number of permitted non-resident Unitholders. See “Plan of Distribution – Non-Resident Unitholders”.

Each of the Scotia ETFs (other than SRIC, SRII, SRIU, SRIB and SITE) currently meets and is expected to continue to meet the requirements to qualify as a “mutual fund trust” at all times thereafter. SRIC, SRII, SRIU, SRIB and SITE do not currently qualify as mutual fund trusts. If a Scotia ETF fails to or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects. See the end of this section for further information.

The tax treatment of gains and losses realized by the Scotia ETFs will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph, subject to the discussion below pertaining to “financial institutions” for purposes of the mark-to-market rules in the Tax Act. In determining its income for tax purposes, a Scotia ETF will treat gains or losses realized on the disposition of portfolio securities (other than derivatives) held by it as capital gains and losses (unless, generally, if the Scotia ETF is a financial institution, such securities are mark-to-market property). In general, gains and losses realized by a Scotia ETF from derivative transactions and in respect of short sales of securities (other than Canadian securities) will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided the Scotia ETF is not a financial institution and there is sufficient linkage, subject to the DFA Rules discussed below. Designations with respect to a Scotia ETF’s income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. In addition, there can be no assurance that the CRA will agree with the tax treatment otherwise adopted by a Scotia ETF in filing its tax return. If the CRA disagrees with any tax treatment adopted by a Scotia ETF, including if the foregoing dispositions or transactions of the Scotia ETF are determined not to be on capital account (whether because of the DFA Rules discussed below or otherwise), the net income of the Scotia ETF for tax purposes and the taxable component of distributions to its Unitholders could increase. Any such redetermination by the CRA may result in a Scotia ETF being liable for unremitted withholding taxes on prior distributions made to its Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV and NAV per Unit of that Scotia ETF.

The Tax Act contains rules (the “**DFA Rules**”) that target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and could apply to other agreements or transactions. If the DFA Rules were to apply in respect of any derivatives to be utilized by a Scotia ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

Pursuant to rules in the Tax Act, a Scotia ETF that experiences a “loss restriction event” (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Scotia ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the Scotia ETF is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses (with the result that the taxable component of distributions in the future may be larger). Generally, a Scotia ETF will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Scotia ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a Scotia ETF is a beneficiary in the income or capital, as the case may be, of the Scotia ETF whose beneficial interests, together with the beneficial interests of persons and

partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Scotia ETF. Please see “Income Tax Considerations – Taxation of Holders” for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to loss restriction events are generally exempted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that is used in the course of carrying on a business and complying with certain asset diversification requirements. If a Scotia ETF were not to qualify as an “investment fund”, it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above. It may not be possible for a Scotia ETF to determine whether or when a loss restriction event has occurred because of the nature of its investments and the way Units are bought and sold. Therefore, there can be no assurances that a Scotia ETF will not experience a loss restriction event, and there can be no assurances regarding when or to whom the distributions resulting from a loss restriction event will be made or that a Scotia ETF will not be required to pay tax notwithstanding such distributions.

The Tax Act contains rules (the “**SIFT Rules**”) concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. A Unitholder who receives a distribution from a Scotia ETF of such income is generally deemed for purposes of the Tax Act to receive an eligible dividend from a Canadian corporation in the amount of such distribution (and such distribution is deemed not otherwise to have been payable to the Unitholder). The Scotia ETFs are not expected to be subject to tax under these rules as the Scotia ETFs are not expected to hold any non-portfolio property. Further, pursuant to certain Tax Amendments released on August 4, 2023 in connection with the Federal Budget (Canada) (the “**Equity Repurchase Rules**”), a trust that is a “SIFT trust” or that is otherwise a “covered entity” as described in the Equity Repurchase Rules is proposed to be subject to a 2% tax on the value of the trust’s equity repurchases (i.e., redemptions) in a taxation year (net of cash subscriptions received by the trust in that taxation year). If a Scotia ETF is subject to tax under the SIFT Rules or the Equity Repurchase Rules, the after-tax return to its Unitholders could be reduced, particularly in the case of the SIFT Rules for a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

Pursuant to the Declaration of Trust, a Scotia ETF may allocate and designate as payable any capital gains realized by the Scotia ETF as a result of any disposition of property of the Scotia ETF undertaken to permit or facilitate the redemption or exchange of Units to a Unitholder whose Units are being redeemed or exchanged. In addition, each Scotia ETF has the authority to distribute, allocate and designate any capital gains of the Scotia ETF to a Holder who has redeemed or exchanged Units during a year in an amount equal to the Holder’s share, at the time of redemption or exchange, of the Scotia ETF’s capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the Holder and therefore the Holder’s proceeds of disposition.

Pursuant to recent amendments to the Tax Act applicable to trusts that are “mutual fund trusts” for purposes of the Tax Act throughout the taxation year (the “**ATR Rule**”), amounts of taxable capital gain so allocated and designated to redeeming Unitholders will be deductible to a Scotia ETF that is a mutual fund trust to the extent of the redeeming Unitholders’ pro rata share (as determined under the ATR Rule) of the net taxable capital gains of such Scotia ETF for the year. Any such taxable capital gains that would not be deductible by a Scotia ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of such Scotia ETF so that such Scotia ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of a Scotia ETF may be greater than they would have been in the absence of such ATR Rule.

Certain of the Scotia ETFs will invest in global equity securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“**Tax Treaties**”) to impose tax on dividends or distributions paid or credited to persons who are not resident in such countries. Under foreign tax laws and subject to any applicable Tax Treaties, investments in global equity securities may subject the Scotia ETFs to foreign taxes on dividends or distributions paid or credited to them or any gains realized on the disposition of such securities. Any foreign taxes incurred by a Scotia ETF will generally reduce the value of its portfolio. To the extent that such foreign tax paid by a Scotia ETF exceeds 15% of the amount included in the Scotia ETF’s income from such investments, such excess may generally be deducted by the Scotia ETF in computing its net income for the purposes of the Tax Act. To the extent that foreign tax paid does not exceed 15% of the amount included

in the Scotia ETF's income from such investments and has not been deducted in computing the Scotia ETF's income and the Scotia ETF designates its income from a foreign source in respect of a Unitholder of the Scotia ETF, the Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Unitholder's proportionate share of foreign taxes paid by the Scotia ETF in respect of such income as foreign taxes paid by the Unitholder. The availability of foreign tax credits to a Unitholder of a Scotia ETF is subject to the detailed rules in the Tax Act.

As noted above, if a Scotia ETF fails to or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects. For instance, a Scotia ETF that does not qualify as a mutual fund trust throughout a taxation year would not be entitled to the Capital Gains Refund and may be subject to the "anti-straddle" rules which would defer the ability to claim certain losses. A Scotia ETF that does not qualify as a mutual fund trust may also be subject to alternative minimum tax; however, pursuant to certain Tax Amendments released in connection with the 2023 Federal Budget (Canada), trusts that have a class of units listed on a "designated stock exchange" (which currently includes the Designated Exchange) or that qualify as "investment funds" for purposes of the "loss restriction event" rules are generally proposed to be exempt from alternative minimum tax for taxation years commencing on or after January 1, 2024.

In addition, the Tax Act provides for a special tax on the designated income of certain trusts (other than a trust that was throughout the year a mutual fund trust) that have designated beneficiaries. If a Scotia ETF is not a mutual fund trust for purposes of the Tax Act and is considered to be carrying on business in respect of any of its investing activities for purposes of these rules, the income related thereto may be designated income and may be subject to the above-noted special tax. The Manager intends to monitor the activities of any Scotia ETF that is not a mutual fund trust so as to ensure that such Scotia ETF does not earn any designated income for purposes of the Tax Act. On this basis, it is anticipated that the Scotia ETFs will not have any liability with respect to this special tax.

If a Scotia ETF does not qualify as a mutual fund trust under the Tax Act and more than 50% of the fair market value of all interests in the Scotia ETF are held by holders that are "financial institutions", as such term is defined for purposes of the "mark-to-market property" rules in the Tax Act, the Scotia ETF will be a "financial institution" for purposes of these rules. In that event, gains and losses of such Scotia ETF on property that is "mark-to-market property" for purposes of these rules will be fully included in or deducted from income on an annual mark-to-market basis. A trust that becomes or ceases to be a financial institution for the above purposes will be deemed to have a year-end for tax purposes at such time, and will be deemed to have disposed of certain properties at their fair market value and to have reacquired them immediately thereafter. A deemed taxation year-end would result in an unscheduled distribution of the Scotia ETF's net income and net realized capital gains, if any, at such time to Unitholders so that the Scotia ETF is not liable for income tax on such amounts under Part I of the Tax Act. Please see "Income Tax Considerations – Taxation of Holders" for the tax consequences of an unscheduled or other distribution to Unitholders.

Given the manner in which the Units of the Scotia ETFs are distributed, there may be circumstances in which it may not be possible to identify whether a Scotia ETF that is not a mutual fund trust has become, or ceased to be, a financial institution. As a result, there can be no assurance as to when and to whom any distributions arising on the change in financial institution status of the Scotia ETF will be made, or that the Scotia ETF will not be required to pay tax on any undistributed income or taxable capital gains realized on such event.

Although SRIC, SRII, SRIU, SRIB and SITE are not mutual fund trusts, they are not currently financial institutions for the above purposes.

#### *Securities Lending Risk*

The Scotia ETFs may enter into securities lending transactions to generate additional income from securities held in a Scotia ETF's portfolio. In lending its securities, a Scotia ETF is exposed to the risk that the borrower may not be able to satisfy its obligations under the securities lending agreement and the lending Scotia ETF is forced to take possession of the collateral held. Losses could result if the collateral held by the Scotia ETF is insufficient, at the time the remedy is exercised, to replace the securities borrowed. To address these risks, any securities lending transactions entered into by a Scotia ETF will comply with applicable securities laws, including the requirement that each agreement be, at a minimum, fully collateralized by investment grade securities or cash with a value of at least 102% of the market value of the securities subject to the transaction. A Scotia ETF will enter into securities lending transactions only with parties that the Manager believes, through conducting credit evaluations, have adequate resources and financial ability to meet their obligations under such agreements. Prior to entering into a securities lending agreement, a Scotia ETF must ensure that the aggregate value of the securities loaned, together with those that

have been sold pursuant to repurchase transactions, does not exceed 50% of the NAV of the Scotia ETF immediately after the Scotia ETF enters into the transaction.

#### *Valuation Risk*

Some portfolio holdings, and potentially a large portion of a Scotia ETF's investment portfolio, may be valued on the basis of factors other than market quotations. This may occur more often in times of market turmoil or reduced liquidity. There are multiple methods that can be used to value a portfolio holding when market quotations are not readily available. The value established for any portfolio holding at a point in time might differ from what would be produced using a different methodology or if it had been priced using market quotations. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. In addition, there is no assurance that a Scotia ETF could sell or close out a portfolio position for the value established for it at any time, and a Scotia ETF could incur a loss because a portfolio position is sold or closed out at a discount to the valuation established by a Scotia ETF at that time.

#### *Cybersecurity Risk*

Technology is used in virtually all aspects of the Manager's business and operations and those of a Scotia ETF and other service providers.

The Manager has a robust and evolving information security program that features policies, processes, technologies and dedicated professionals that protect information, systems and networks. Despite this, there can be no assurances that these measures will be successful in every instance in protecting our networks and information assets against attacks.

The Manager and its service providers may not be able to anticipate or to implement effective preventive measures against all disruptions or privacy and security breaches, especially as attack techniques change frequently, increase in sophistication, are often not recognizable until launched, and can originate from a wide variety of sources.

The Manager is likely to continue to be the target of cyberattacks that could result in the violation of privacy laws or information security regulations, or that could materially disrupt network access or business operations. This may result in the disclosure of confidential information, access to sensitive information or destruction or corruption of data.

#### *Lack of and Limited Operating History*

The Scotia ETFs are recently organized investment trusts with limited operating history. Although the Scotia ETFs are currently listed on the Designated Exchange, there is no assurance that an active public market for the Units of the Scotia ETFs will develop or be sustained.

#### *Cease Trading of Units*

If Constituent Securities of a Scotia ETF are cease-traded at any time by a Securities Regulatory Authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units of the applicable Scotia ETF until such time as the transfer of the securities is permitted as described under "Exchange and Redemption of Units – Suspension of Exchanges and Redemptions".

#### **Additional Risks Relating to an Investment in each Scotia ETF**

In addition to the general risk factors, the following additional risk factors are inherent in an investment in one or more of the Scotia ETFs as indicated in the table below. A description of each of these risks follows the table.

<b>Scotia ETF Specific Risks</b>	SITB	SITC	SITE	SITI	SITU	SRIB	SRIC	SRII	SRIU
Country Risk	√	√	√	√	√	√	√	√	√
Credit Rating Related Risk	√					√			

Currency Fluctuation Risk			√	√	√			√	√
Emerging Markets Risk			√						
ESG Investment Strategy Risk						√	√	√	√
Foreign Investment Risk			√	√	√			√	√
General Risks of Equity Investments		√	√	√	√		√	√	√
General Risks of Fixed Income Securities	√					√			
Withholding Tax Risk			√	√	√			√	√

### *Country Risk*

A Scotia ETF that invests primarily in a specific region or country may be more volatile than a more geographically diversified fund and will be strongly affected by the overall economic performance of that specific region or country. The Scotia ETF must continue to follow its investment objectives regardless of the economic performance of a specific region or country.

### *Credit Rating Related Risk*

The possibility that any Constituent Security held by a Scotia ETF, whether directly or indirectly, could have its credit rating downgraded or that it could default by failing to make scheduled dividend payments or payments of redemption proceeds could potentially reduce the Scotia ETF's income and Unit price.

A Scotia ETF may gain exposure to fixed-income securities directly or through the use of futures and other derivative contracts, or indirectly through other exchange-traded funds. The value of fixed-income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities issued by issuers that have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating. Although generally considered less volatile than equity securities, certain types of fixed-income securities and certain market conditions may result in significant volatility in the value of one or more fixed-income investments to which a Scotia ETF may be exposed.

### *Currency Fluctuation Risk*

Direct or indirect investments in issuers in different countries are often denominated in currencies different from a Scotia ETF's base currency. The NAV of the Units of such Scotia ETF, when measured in the base currency in which the Units are denominated, will be affected by changes in the value of the foreign currencies relative to the base currency which may have a positive or negative effect on the values of a Scotia ETF's investments denominated in those currencies.

The values of other currencies relative to a Scotia ETF's base currency may fluctuate in response to, among other factors, interest rate changes, intervention (or failure to intervene) by national governments, central banks, or supranational entities such as the International Monetary Fund, the imposition of currency controls, and other political or regulatory developments. Currency values can decrease significantly both in the short term and over the long term in response to these and other developments.

### *Emerging Markets Risk*

A Scotia ETF may invest in foreign companies or governments (other than the U.S.) which may be located in, or operate in, developing countries. Companies in these markets may have limited product lines, markets or resources, making it difficult to measure the value of the company. Political instability, possible corruption, as well as lower standards of business regulation increase the risk of fraud and other legal issues. In addition to foreign investment risk described below, a Scotia ETF may be exposed to greater volatility as a result of such issues.



### *ESG Investment Strategy Risk*

Certain Scotia ETFs incorporate specific ESG factors into their investment objectives and those specific ESG factors are a primary focus for investment decisions. Those specific ESG factors are considered through the lens of not only how they could impact the Scotia ETF's risk and/or return, but how they could impact the Scotia ETF's performance against the specific ESG-related objectives of the Scotia ETF. Including certain ESG factors in the investment objectives of a Scotia ETF may limit the type and number of investment opportunities available to a Scotia ETF and, as a result, the Scotia ETF may underperform other funds that are not ESG-focused or other funds that are ESG-focused but do not include the same ESG-related factors in their investment objectives. A Scotia ETF's investment strategy may result in the Scotia ETF investing in securities or industry sectors that underperform the market as a whole or underperform other funds that do not include the same ESG-related factors in their investment objectives.

The specific ESG factors considered in a Scotia ETF's investment process and the extent to which they are considered depend on the Scotia ETF's particular investment objectives and strategies. The investment approach of the portfolio adviser or sub-advisor, as applicable, may not eliminate the possibility of the Scotia ETFs having exposure to companies that certain investors may perceive to exhibit negative ESG characteristics or poor performance on certain ESG factors. The companies selected for an Index as demonstrating ESG characteristics may not be the same companies selected by other index providers that use similar ESG screens. In addition, the Index Provider may be unsuccessful in creating an Index composed of companies that exhibit positive ESG characteristics. The methodology of the Indices may not eliminate the possibility of the Indices having exposure to companies that exhibit negative ESG characteristics, and the methodology of the Indices may change from time to time at the discretion of the Index Provider for any reason, including as a result of changes to established norms or ESG principles generally. Not all ESG factors will be relevant to the investment objectives of the Scotia ETF and, even for ESG-related factors that are relevant to the specific objectives of the Scotia ETF, investors can differ in their views of what constitutes positive or negative ESG characteristics. As a result, a Scotia ETF may invest in issuers that do not reflect the beliefs and values of every investor.

### *Foreign Investment Risk*

A Scotia ETF may invest, directly or indirectly, in foreign securities. In addition to the general risks associated with equity and fixed income investments, investments in foreign securities may involve unique risks not typically associated with investing in Canada. Foreign exchanges may be open on days when a Scotia ETF or an underlying investment fund do not price their securities and, therefore, the value of the securities traded on such exchanges may change on days when investors are not able to purchase or sell Units. Information about corporations not subject to Canadian reporting requirements may not be complete, may not reflect the extensive accounting or auditing standards required in Canada and may not be subject to the same level of government supervision or regulation as would be the case in Canada.

Some foreign securities markets may be volatile or lack liquidity and some foreign markets may have higher transaction and custody costs and delays in attendant settlement procedures. In some countries, there may be difficulties in enforcing contractual obligations and investments could be affected by political instability, social instability, expropriation or confiscatory taxation.

In the case of a Scotia ETF holding foreign securities, whether directly or indirectly, dividends, interest or distributions on those foreign securities may be subject to withholding taxes.

### *General Risks of Equity Investments*

The market prices of equity securities owned by a Scotia ETF, whether directly or indirectly, may go up or down, sometimes rapidly or unpredictably. The value of a security may decline for a number of reasons that may directly relate to the issuer, such as management performance, financial leverage, non-compliance with regulatory requirements, and reduced demand for the issuer's goods or services. The values of equity securities also may decline due to general industry or market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.

Holders of equity securities of an issuer incur more risk than holders of debt obligations of such issuer because shareholders, as owners of such issuer, have generally inferior rights to receive payments from such issuer in

comparison with the rights of creditors of, or holders of debt obligations issued by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity.

Distributions on the Units will generally depend upon the declaration of dividends or distributions on the Constituent Securities. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the Constituent Issuers and general economic conditions. Therefore, there can be no assurance that the Constituent Issuers will pay dividends or distributions on Constituent Securities.

#### *General Risks of Fixed Income Securities*

Investment in a Scotia ETF should be made with an understanding that the value of the underlying debt securities will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and will increase in value when interest rates decline. Securities with longer durations tend to be more interest rate sensitive, which may make them more volatile than securities with shorter durations. The NAV of a Scotia ETF will fluctuate with interest rate changes and the corresponding changes in the value of the debt securities held by the Scotia ETF.

#### *Withholding Tax Risk*

As a Scotia ETF's portfolio may consist of securities issued by foreign issuers, distributions received by such Scotia ETF on the securities in its portfolio may be subject to foreign withholding tax. The return on such a Scotia ETF's portfolio generally will be net of such foreign withholding tax so that a holder of such securities receives the amount that it would have received in the absence of such withholding tax. There can be no assurances that distributions and gains on securities held in a Scotia ETF's portfolio will not be subject to foreign withholding tax.

#### **Risk Ratings of the Scotia ETFs**

As required by applicable securities legislation, the Manager determines the investment risk level of the Scotia ETFs in accordance with a standardized risk classification methodology that is based on the Scotia ETF's historical volatility as measured by the 10-year standard deviation of the returns of the Scotia ETF. Standard deviation is a statistical tool used to measure the historical variability of a fund's returns relative to the fund's average return. The higher the standard deviation of the Scotia ETF, the greater the range of returns it has experienced in the past. A Scotia ETF with a higher standard deviation will be classified as riskier.

For a newly established fund, the standardized methodology requires the use of the standard deviation of a reference fund or reference index that is reasonably expected to approximate the standard deviation of the fund. Where a fund has offered securities to the public for less than 10 years, the standardized methodology will calculate the standard deviation of the fund using the available return history of the fund and imputing the return history of the reference fund or reference index for the remainder of the 10-year period. Once the Scotia ETFs have 10 years of performance history, the methodology will calculate the standard deviation of the Scotia ETFs using the return history of the Scotia ETFs rather than that of the reference index. The Scotia ETFs are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The following chart sets out a description of the reference index or indices used for each Scotia ETF:

<b>Scotia ETF</b>	<b>Reference Index</b>	<b>Description</b>
SITB	Solactive Broad Canadian Bond Universe Liquid ex MPL TR Index	The Solactive Broad Canadian Bond Universe Liquid ex MPL TR Index is designed to measure the performance of liquid Canadian investment grade bonds (government and corporate bonds) excluding Canadian dollar denominated issues of foreign issuers.
SITC	Solactive Canada Large Cap Index (CA NTR)	The Solactive Canada Large Cap Index intends to track the performance of the 60 largest companies from the Toronto Stock Exchange. Constituents are selected and weighted based on free float market capitalization.

SITE	Solactive GBS Emerging Markets Large & Mid Cap Index (CA NTR)	The Solactive GBS Emerging Markets Large & Mid Cap Index intends to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the Emerging Markets. The Index is calculated as a CA net total return index in Canadian dollars and is rebalanced quarterly.
SITI	Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index (CA NTR)	The Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index intends to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the developed markets excluding North America.
SITU	Solactive GBS United States 500 CAD Index (CA NTR)	The Solactive GBS United States 500 CAD Index intends to track the performance of the largest 500 companies from the US stock market and is based on the Solactive Global Benchmark Series. Constituents are selected based on company market capitalization and weighted by free float market capitalization.
SRIB	Solactive Broad Canadian Bond Universe Liquid ex MPL TR Index	The Solactive Broad Canadian Bond Universe Liquid ex MPL TR Index is designed to measure the performance of liquid Canadian investment grade bonds (government and corporate bonds) excluding Canadian dollar denominated issues of foreign issuers.
SRIC	Solactive GBS Canada Large & Mid Cap Index (CA NTR)	The Solactive GBS Canada Large & Mid Cap Index intends to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the Canadian market.
SRII	Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index (CA NTR)	The Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index intends to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the developed markets excluding North America.
SRIU	Solactive GBS United States Large & Mid Cap Index (CA NTR)	The Solactive GBS United States Large & Mid Cap Index intends to track the performance of the large and mid cap segment covering approximately the largest 85% of the free-float market capitalization in the United States.

The Manager reviews the investment risk rating of the Scotia ETFs at least annually as well as if there is a material change in the Scotia ETF's investment objectives or investment strategies.

Historical performance may not be indicative of future returns and the Scotia ETF's historical volatility may not be indicative of its future volatility. There may be times when the Manager believes the standardized methodology produces a result that does not reflect the Scotia ETF's risk based on other qualitative factors. As a result, the Manager may assign a higher risk rating to the Scotia ETF if the Manager determines it is reasonable to do so in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the Scotia ETFs is available on request, at no cost, by calling toll-free at 1-866-977-0477 or by writing to the Manager at Scotiabank North, 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.

#### **DISTRIBUTION POLICY**

Cash distributions on Units of a Scotia ETF, if any, will be made in the currency in which Units of the Scotia ETF are denominated and are expected to be made periodically as set out in the table below:

<b>Scotia ETFs</b>	<b>Frequency of Distributions</b>
SITB	Monthly
SITC	Quarterly
SITE	Quarterly
SITI	Quarterly
SITU	Quarterly
SRIB	Monthly
SRIC	Quarterly
SRII	Quarterly
SRIU	Quarterly

Distributions are not guaranteed, and the Manager may, in its sole discretion, change the frequency of such distributions, which change will be announced by the Manager in a press release.

Depending on the underlying investments of a Scotia ETF, distributions on Units may consist of ordinary income, including foreign source income and taxable dividends from taxable Canadian corporations, sourced from dividends or distributions received by the Scotia ETF but may also include net realized taxable capital gains, less the expenses of that Scotia ETF. Distributions on Units of the Scotia ETF may also include returns of capital which will generally reduce the adjusted cost base of the Unitholder's Units of that Scotia ETF. To the extent that the expenses of a Scotia ETF exceed the income generated by such Scotia ETF in any given month or quarter, it is not expected that a monthly or quarterly distribution, as applicable, will be paid.

If, for any taxation year, the Scotia ETF has not otherwise distributed the full amount of its net income and net realized capital gains, the Scotia ETF will, after December 15 but on or before December 31 of that calendar year (in the case of a taxation year that ends on December 15), or by the end of the taxation year (in any other case), be required to pay or make payable such net income and net realized capital gains as one or more special year-end distributions for such year to Unitholders as is necessary to ensure that the Scotia ETF will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units of the Scotia ETF and/or cash. Any special distributions payable in Units of a Scotia ETF will increase the aggregate adjusted cost base of a Unitholder's Units. Immediately following payment of such a special distribution in Units, the number of Units held by a Unitholder will be automatically consolidated such that the number of Units outstanding after such distribution will be equal to the number of Units held by such Unitholder immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax is required to be withheld in respect of the distribution.

See "Income Tax Considerations".

## **PURCHASES OF UNITS**

### **Initial Investment in Units of the Scotia ETFs**

In compliance with NI 81-102, a Scotia ETF will not issue Units to the public until orders aggregating not less than \$500,000 have been received and accepted by the Scotia ETF from investors other than the Manager, or its directors, officers or securityholders.

### **Continuous Distribution**

Units of the Scotia ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

### **Designated Brokers**

All orders to purchase Units directly from a Scotia ETF must be placed by the Designated Broker or Dealers. The Manager reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer. No fees will be payable by a Scotia ETF to the Designated Broker or a Dealer in connection with the issuance of Units of the Scotia ETF. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Dealer or Designated Broker to offset any expenses (including applicable additional listing fees, if any) incurred in issuing the Units.

On any Trading Day, a Designated Broker or a Dealer may place a subscription order for the PNU or integral multiple PNU of a Scotia ETF. If a subscription order is received by a Scotia ETF other than SITI, SRII or SITE, before 4:00 p.m. on a Trading Day, or, with respect to SITI, SRII and SITE, before 4:00 p.m. on the Trading Day prior to the effective Trading Day, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit, and is accepted by the Manager, the Scotia ETF will generally issue to the Dealer or Designated Broker the PNU (or an integral multiple thereof) within two Trading Days from the effective date of the subscription order. The Scotia ETF must receive payment for the Units subscribed for within two Trading Days from the effective date of the subscription order. The effective date of a subscription order is the Trading Day on which the Valuation Time that applies to such subscription order takes place.

Unless the Manager shall otherwise agree or the Declaration of Trust shall otherwise provide, as payment for a PNU of a Scotia ETF, a Dealer or Designated Broker must deliver subscription proceeds consisting of a Basket of Securities and cash in an amount sufficient so that the value of the Basket of Securities and cash delivered is equal to the NAV of the applicable PNU of the Scotia ETF determined at the Valuation Time on the effective date of the subscription order. The Manager may, in its complete discretion, instead accept subscription proceeds consisting of (i) cash only in an amount equal to the NAV of the applicable PNU of the Scotia ETF determined at the Valuation Time on the effective date of the subscription order, plus (ii) if applicable, administration fees including associated brokerage expenses, commissions, transaction costs and other costs and expenses that the Scotia ETFs incur or expect to incur in purchasing securities on the market with such cash proceeds.

The Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a Scotia ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Scotia ETF, or such other amount as may be agreed to by the Manager and the Designated Broker. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the second Trading Day after the subscription notice has been delivered.

The Manager will, except when circumstances prevent it from doing so, disclose the number of Units comprising a PNU for a particular Scotia ETF to applicable investors, the Designated Broker and Dealers following the close of business on each Trading Day. The Manager may, at its discretion, increase or decrease the applicable PNU from time to time and will provide notice of such change to applicable investors, the Designated Broker and Dealers.

#### ***To Unitholders of a Scotia ETF - Distributions Paid in Units***

In addition to the issuance of Units as described above, distributions may be made by way of the issuance of Units in accordance with the distribution policy of the Scotia ETFs. See “Distribution Policy”.

#### **Buying and Selling Units of a Scotia ETF**

Units of the Scotia ETFs are currently listed on the Designated Exchange and investors will be able to buy or sell such Units on the Designated Exchange through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units of a Scotia ETF. No fees are paid by investors to the Manager or any Scotia ETF in connection with buying or selling of Units of a Scotia ETF on the Designated Exchange.

#### ***Special Considerations for Unitholders***

The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Scotia ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of any Scotia ETF through purchases on the Designated Exchange without regard to the take-over bid requirements of Canadian Securities Legislation.

Units of the Scotia ETFs are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in Units of a Scotia ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the Units of the applicable Scotia ETF should be considered index participation units, as well as the control, concentration and certain of the “fund-of-funds” restrictions. No purchase of Units of a Scotia ETF should be made solely in reliance on the above statements.

## **EXCHANGE AND REDEMPTION OF UNITS**

### **Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash**

Unitholders of a Scotia ETF may exchange the applicable PNU (or an integral multiple thereof) of the Scotia ETF on any Trading Day for Baskets of Securities and cash, subject to the requirement that a minimum PNU be exchanged. To effect an exchange of Units of a Scotia ETF other than SITI, SRII or SITE, a Unitholder must submit an exchange request in the form and at the location prescribed by the Scotia ETF from time to time at or before 4:00 p.m. (Toronto time) on a Trading Day or, with respect to SITI, SRII or SITE, before 4:00 p.m. on the Trading Day prior to the effective Trading Day, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit. The exchange price will be equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, payable by delivery of a Basket of Securities (constituted as most recently published prior to the effective date of the exchange request) and cash. The Units will be redeemed in the exchange. The Manager will also make available to applicable investors, Dealers and the Designated Broker the applicable PNU to redeem Units of the Scotia ETFs on each Trading Day. The effective date of an exchange request is the Trading Day on which the Valuation Time that applies to such redemption request takes place.

Upon the request of a Unitholder, the Manager may, in its complete discretion, satisfy an exchange request by delivering cash only in an amount equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, provided that the Unitholder agrees to pay applicable administration fees, including associated brokerage expenses, commissions, transaction costs and other costs and expenses that the Scotia ETFs incur or expect to incur in selling securities on the market to obtain the necessary cash for the exchange.

If an exchange request is not received by the applicable cut-off time, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and/or cash will generally be made by the second Trading Day after the effective day of the exchange request.

If any securities in which a Scotia ETF has invested are cease traded at any time by order of a Securities Regulatory Authority or other relevant regulator or stock exchange, the delivery of Baskets of Securities to a Unitholder, Dealer or Designated Broker on an exchange of the PNU may be postponed until such time as the transfer of the Baskets of Securities is permitted by law.

As described under “Exchange and Redemption of Units - Book-Entry Only System”, registration of interests in, and transfers of, Units will be made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide redemption instructions to the CDS Participant through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

### **Redemption of Units of a Scotia ETF for Cash**

On any Trading Day, Unitholders of a Scotia ETF may redeem (i) Units of the Scotia ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the Designated Exchange on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time, or (ii) a PNU of a Scotia ETF or a multiple PNU of a Scotia ETF for cash equal to the NAV of that number of Units of the Scotia ETF less any applicable administration fee determined by the Manager, in its sole discretion from time to time. Because Unitholders will generally be able to sell Units at the market price on the Designated Exchange through a registered broker or dealer subject only to customary brokerage commissions, Unitholders of the Scotia ETFs are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash. No

fees or expenses are paid by Unitholders to the Manager or any Scotia ETF in connection with selling Units on the Designated Exchange.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request with respect to the applicable Scotia ETF must be delivered to the Manager in the form and at the location prescribed by the Manager from time to time at or before 9:30 a.m. (Toronto time) on such Trading Day or such other time as the Manager may determine from time to time. Any cash redemption request received after such time will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or Dealer.

Unitholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units of a Scotia ETF, the Scotia ETF will generally dispose of securities or other financial instruments.

### **Suspension of Exchanges and Redemptions**

The Manager may suspend the exchange or redemption of Units of a Scotia ETF or payment of redemption proceeds of a Scotia ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Scotia ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Scotia ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Scotia ETF; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Scotia ETF or which impair the ability of the Custodian to determine the value of the assets of the Scotia ETF. The suspension may apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over a Scotia ETF, any declaration of suspension made by the Manager shall be conclusive.

### **Administration Fee**

An amount as may be agreed to between the Manager and the Designated Broker or Dealer, of a Scotia ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Scotia ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the Designated Exchange.

### **Allocations of Capital Gains to Redeeming or Exchanging Unitholders**

Pursuant to the Declaration of Trust, a Scotia ETF may allocate and designate as payable any capital gains realized by the Scotia ETF as a result of any disposition of property of the Scotia ETF undertaken to permit or facilitate the redemption or exchange of Units to a Unitholder whose Units are being redeemed or exchanged. In addition, each Scotia ETF has the authority to distribute, allocate and designate any capital gains of the Scotia ETF to a Unitholder who has redeemed or exchanged Units during a year in an amount equal to the Unitholder's share, at the time of redemption or exchange, of the Scotia ETF's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder.

Pursuant to the ATR Rule, amounts of taxable capital gain so allocated and designated to redeeming Unitholders will be deductible to a Scotia ETF that is a mutual fund trust to the extent of the redeeming Unitholders' pro rata share (as determined under the ATR Rule) of the net taxable capital gains of such Scotia ETF for the year. Any such taxable capital gains that would not be deductible by a Scotia ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of such Scotia ETF so that such Scotia ETF will

not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of a Scotia ETF may be greater than they would have been in the absence of such ATR Rule.

### **Book-Entry Only System**

Registration of interests in, and transfers of, Units of a Scotia ETF will be made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon buying Units of a Scotia ETF, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

Neither a Scotia ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

A Scotia ETF has the option to terminate registration of Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

### **Short-Term Trading**

Unlike conventional open-end mutual fund trusts in which short term trading by investors may cause the mutual fund to incur additional unnecessary trading costs in connection with the purchase of additional portfolio securities and the sale of portfolio securities to fund unitholder redemptions, the Manager does not believe that it is necessary to impose any short-term trading restrictions on the Scotia ETFs at this time as: (i) the Scotia ETFs are exchange traded funds that are primarily traded in the secondary market; and (ii) the few transactions involving Units of the Scotia ETFs that do not occur on the secondary market involve Designated Brokers and Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose an administration fee. The administration fee is intended to compensate the Scotia ETFs for any costs and expenses incurred by the Scotia ETFs in order to satisfy and process the redemption.

### **PRICE RANGE AND TRADING VOLUME OF UNITS**

The following charts set out the price ranges and volume of Units of each of the Scotia ETFs traded on the Designated Exchange for each month, or if applicable, partial month of the 12-month period before the date of this prospectus:

#### *Scotia Canadian Bond Index Tracker ETF*

Month	Unit Price Range (\$)*		Volume of Units Traded
	High	Low	
<b>2022</b>			
September	\$16.93	\$16.61	23,868
October	\$16.74	\$16.11	17,639
November	\$16.99	\$16.17	14,715
December	\$17.28	\$16.63	42,849
<b>2023</b>			
January	\$17.33	\$16.66	29,405
February	\$17.16	\$16.55	27,131
March	\$17.30	\$16.56	39,339
April	\$17.19	\$16.87	28,265
May	\$17.22	\$16.66	16,694



June	\$16.86	\$16.54	62,267
July	\$16.72	\$16.42	24,484
August	\$16.52	\$16.23	14,991
September 1 – 8	\$16.49	\$16.35	23,868

*Scotia Canadian Large Cap Equity Index Tracker ETF*

Month	Unit Price Range (\$)*		Volume of Units Traded
	High	Low	
<b>2022</b>			
September	\$26.02	\$23.78	2,789
October	\$25.32	\$23.62	68,238
November	\$26.71	\$25.12	22,510
December	\$26.79	\$25.15	14,681
<b>2023</b>			
January	\$26.96	\$25.31	89,733
February	\$27.01	\$26.31	5,421
March	\$26.82	\$25.21	6,264
April	\$26.75	\$26.00	3,502
May	\$26.72	\$25.32	2,305
June	\$26.06	\$25.28	2,630
July	\$26.62	\$25.55	1,940
August	\$26.54	\$25.48	2,383
September 1 – 8	\$26.65	\$26.07	2,789

*Scotia Emerging Markets Equity Index Tracker ETF*

Month	Unit Price Range (\$)*		Volume of Units Traded
	High	Low	
<b>2022</b>			
September	N/A	N/A	N/A
October	N/A	N/A	N/A
November	\$22.18	\$20.99	13
December	\$22.22	\$21.65	281,273
<b>2023</b>			
January	\$23.61	\$22.13	3,281
February	\$23.31	\$21.91	3,810
March	\$22.71	\$21.68	8,133
April	\$22.55	\$22.01	3,823
May	\$22.46	\$22.03	1,929
June	\$23.00	\$21.88	6,449
July	\$23.56	\$22.08	4,146
August	\$23.32	\$22.16	3,147
September 1 – 8	\$22.90	\$22.55	3,414

*Scotia International Equity Index Tracker ETF*

Month	Unit Price Range (\$)*		Volume of Units Traded
	High	Low	

<b>2022</b>			
September	\$20.45	\$18.84	8,139
October	\$20.08	\$19.03	6,220
November	\$22.31	\$19.85	3,197
December	\$22.76	\$21.89	9,370
<b>2023</b>			
January	\$23.52	\$22.14	9,945
February	\$23.57	\$22.98	8,720
March	\$23.57	\$22.56	9,391
April	\$24.39	\$23.57	7,371
May	\$24.27	\$23.47	7,239
June	\$24.16	\$23.01	20,722
July	\$24.14	\$23.15	10,129
August	\$24.01	\$23.21	5,570
September 1 – 8	\$23.83	\$23.59	8,139

*Scotia U.S. Equity Index Tracker ETF*

Month	Unit Price Range (\$)*		Volume of Units Traded
	High	Low	
<b>2022</b>			
September	\$24.06	\$22.35	33,001
October	\$23.84	\$22.24	13,561
November	\$24.55	\$22.74	39,844
December	\$24.60	\$23.09	35,528
<b>2023</b>			
January	\$24.33	\$23.10	31,451
February	\$25.06	\$24.24	35,047
March	\$24.91	\$23.87	30,129
April	\$25.31	\$24.69	20,016
May	\$25.83	\$24.70	38,006
June	\$26.54	\$25.59	41,900
July	\$27.32	\$26.31	33,342
August	\$27.56	\$26.66	26,858
September 1 – 8	\$27.74	\$27.46	33,001

*Scotia Responsible Investing Canadian Bond Index ETF*

Month	Unit Price Range (\$)*		Volume of Units Traded
	High	Low	
<b>2022</b>			
September	\$18.14	\$17.80	5,896
October	\$17.97	\$17.33	7,974
November	\$18.24	\$17.38	5,549
December	\$18.48	\$17.87	8,078
<b>2023</b>			
January	\$18.57	\$17.95	4,667
February	\$18.46	\$17.86	5,631
March	\$18.63	\$17.84	6,208
April	\$18.49	\$18.16	5,395
May	\$18.52	\$17.87	2,854
June	\$18.17	\$17.81	6,653

July	\$18.01	\$17.67	3,503
August	\$17.85	\$17.51	2,828
September 1 – 8	\$17.77	\$17.57	5,896

*Scotia Responsible Investing Canadian Equity Index ETF*

Month	Unit Price Range (\$)*		Volume of Units Traded
	High	Low	
<b>2022</b>			
September	\$17.64	\$16.34	932
October	\$17.27	\$15.94	1,346
November	\$18.29	\$17.05	991
December	\$18.41	\$17.38	307
<b>2023</b>			
January	\$18.69	\$17.66	716
February	\$18.87	\$18.47	356
March	\$18.66	\$17.83	625
April	\$18.90	\$18.21	185
May	\$18.96	\$18.12	806
June	\$18.67	\$18.12	341
July	\$19.07	\$18.29	628
August	\$19.00	\$17.91	563
September 1 – 8	\$18.70	\$18.18	932

*Scotia Responsible Investing International Equity Index ETF*

Month	Unit Price Range (\$)*		Volume of Units Traded
	High	Low	
<b>2022</b>			
September	\$16.25	\$15.02	1,790
October	\$15.96	\$15.20	2,971
November	\$17.79	\$15.81	1,586
December	\$18.15	\$17.54	3,378
<b>2023</b>			
January	\$18.90	\$17.83	2,762
February	\$18.91	\$18.48	3,752
March	\$18.95	\$18.08	3,027
April	\$19.73	\$18.95	1,820
May	\$19.70	\$19.12	1,583
June	\$19.65	\$18.65	3,078
July	\$19.61	\$18.77	2,538
August	\$19.52	\$18.91	1,938
September 1 – 8	\$19.34	\$19.16	1,790

*Scotia Responsible Investing U.S. Equity Index ETF*

Month	Unit Price Range (\$)*		Volume of Units Traded
	High	Low	
<b>2022</b>			

September	\$17.34	\$16.12	4,921
October	\$17.39	\$16.02	4,238
November	\$18.05	\$16.52	3,648
December	\$18.16	\$17.01	6,545
<b>2023</b>			
January	\$18.02	\$17.05	5,635
February	\$18.66	\$18.13	7,202
March	\$18.57	\$17.77	7,203
April	\$18.94	\$18.37	3,307
May	\$19.44	\$18.52	3,633
June	\$19.83	\$19.17	5,679
July	\$20.43	\$19.60	5,447
August	\$20.67	\$20.00	4,628
September 1 – 8	\$20.77	\$20.59	4,921

### INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units of a Scotia ETF by a Unitholder of the Scotia ETF who acquires Units of the Scotia ETF pursuant to this prospectus. This summary only applies to a prospective Unitholder of a Scotia ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act who deals at arm's length with the Scotia ETF and any Designated Broker or Dealer and is not affiliated with the Scotia ETF or any Designated Broker or Dealer and who holds Units of the Scotia ETF as capital property (a "**Holder**").

Generally, Units of a Scotia ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Assuming that a Scotia ETF qualifies as a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units of the Scotia ETF as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned by such Holders in the taxation year of the election and any subsequent taxation year treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the Units.

This summary is based on the assumption that each Scotia ETF qualifies at all times as a "unit trust" within the meaning of the Tax Act, that each Scotia ETF (other than SRIC, SRII, SRIU, SRIB and SITE) qualifies or is deemed to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that each Scotia ETF is not a "SIFT trust" within the meaning of the Tax Act or a "covered entity" within the meaning of the Equity Repurchase Rules. For a Scotia ETF to qualify as a "mutual fund trust," it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the Scotia ETF and the dispersal of ownership of its Units. **There can be no assurance that a Scotia ETF that so qualifies initially will maintain its status as a "mutual fund trust". In the event a Scotia ETF were not to qualify as a mutual fund trust under the Tax Act at all times, or is a "SIFT trust", the income tax consequences described below would, in some respects, be materially different.**

SRIC, SRII, SRIU, SRIB and SITE are not currently mutual fund trusts.

This summary also assumes that at all times each Scotia ETF will not (i) make or hold any investment in property that would be "taxable Canadian property" (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of the Scotia ETF's property consisted of such property; (ii) invest in or hold (a) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Scotia ETF (or the partnership) would be required to include significant amounts in income pursuant to section 94.1 of the Tax Act, (b) an interest in a trust (or a partnership which holds such an interest) which would require the Scotia ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (c) any interest in a

non-resident trust other than an “exempt foreign trust” for the purposes of section 94 of the Tax Act (or a partnership which holds such an interest); (iii) invest in any security that would be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act; (iv) invest in any security of an issuer that would be a “foreign affiliate” of the Scotia ETF or of any Holder for purposes of the Tax Act; or (v) enter into any arrangement (including the acquisition of securities for the Scotia ETF’s portfolio) where the result is a “dividend rental arrangement” for purposes of the Tax Act. This summary further assumes that each Scotia ETF will comply with its investment restrictions.

This summary is based on the facts described herein, the current provisions of the Tax Act, counsel’s understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing prior to the date hereof and certificate of the Manager. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or in administrative policy or assessing practice, whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of a Scotia ETF. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units of a Scotia ETF. The income and other tax consequences of investing in Units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units of a Scotia ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of a Scotia ETF based on their particular circumstances.**

#### **Status of the Scotia ETFs**

As noted above, this summary assumes that each Scotia ETF (a) is a “unit trust” for purposes of the Tax Act and (other than SRIC, SRII, SRIU, SRIB and SITE) qualifies or is deemed to qualify at all times as a “mutual fund trust” for purposes of the Tax Act, (b) is not and will not be a “SIFT trust” for purposes of the Tax Act or a “covered entity” within the meaning of the Equity Repurchase Rules, and (c) has not been established and will not be maintained primarily for the benefit of non-residents unless, at that time, substantially all of its property consists of property other than property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

To qualify as a mutual fund trust (i) a Scotia ETF must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Scotia ETF must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Scotia ETF, or (c) any combination of the activities described in (a) and (b), and (iii) the Scotia ETF must comply with certain minimum requirements respecting the ownership and dispersal of Units of a particular class (the “**Minimum Distribution Requirements**”). In this connection, the Manager has advised counsel (i) that it intends to cause each Scotia ETF to qualify as a unit trust throughout the life of the Scotia ETF, (ii) that each Scotia ETF’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) that the Manager anticipates, although with no certainty, that each Scotia ETF (other than SRIC, SRII, SRIU, SRIB and SITE) will continue to comply with the Minimum Distribution Requirements.

If a Scotia ETF were not to qualify or be deemed to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different in respect of the Scotia ETF. For instance, a Scotia ETF that does not qualify as a mutual fund trust throughout a taxation year may become subject to alternative minimum tax and/or the special tax on designated income pursuant to Part XII.2 of the Tax Act, would not be entitled to the Capital Gains Refund and may be subject to the “anti-straddle” rules which would defer the ability to claim certain losses. In addition, if a Scotia ETF does not qualify as a mutual fund trust and one or more “financial institutions”, as defined in the Tax Act, owns more than 50% of the fair market value of the Units of such Scotia ETF, that Scotia ETF will be a “financial institution” for purposes of the “mark-to-market property” rules contained in the Tax Act. In that event, gains and losses of such Scotia ETF on property that is “mark-to-market property” for purposes of these rules will be fully included in or deducted from income on an annual mark-to-market basis. A trust that becomes or ceases to be a financial institution for the above purposes will be deemed to have a year-end for tax purposes at such time, and will be deemed to have disposed of certain properties at their fair market value

and to have reacquired them immediately thereafter. A deemed taxation year-end would result in an unscheduled distribution of a Scotia ETF's net income and net realized capital gains, if any, at such time to Unitholders so that the Scotia ETF is not liable for income tax on such amounts under Part I of the Tax Act.

SRIC, SRII, SRIU, SRIB and SITE currently are not mutual fund trusts and are not financial institutions for the above purposes.

Provided that the Units of a Scotia ETF are listed on a "designated stock exchange" within the meaning of the Tax Act (which includes the Designated Exchange), or the Scotia ETF qualifies as a mutual fund trust within the meaning of the Tax Act, the Units of that Scotia ETF will be qualified investments under the Tax Act for a trust governed by an RRSP, a RRIF, an RDSP, a DPSP, an RESP, a TFSA or an FHSA (collectively, "**Registered Plans**"). See "Income Tax Considerations – Taxation of Registered Plans" for the consequences of holding Units in Registered Plans.

### **Taxation of the Scotia ETFs**

The Manager has advised counsel that each Scotia ETF (other than SRIC, SRII, SRIU, SRIB and SITE) has elected to have a taxation year that ends on December 15 of each calendar year. A Scotia ETF that has not validly made such election will have a taxation year that ends on December 31 of each calendar year. A Scotia ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable (or deemed to be paid or payable) to its Unitholders in the calendar year in which the taxation year ends. An amount will be considered to be payable to a Unitholder of a Scotia ETF in a calendar year if it is paid to the Unitholder in that year by the Scotia ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Declaration of Trust requires that sufficient amounts be paid or made payable each year so that no Scotia ETF is liable for any non-refundable income tax under Part I of the Tax Act.

A Scotia ETF will be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security held in its portfolio.

With respect to indebtedness, a Scotia ETF will be required to include in its income for a taxation year all interest thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in the year) or that has become receivable or is received by the Scotia ETF before the end of that year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Scotia ETF's income for a preceding taxation year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Scotia ETF.

On a redemption or repayment of an indebtedness, the Scotia ETF will be considered to have disposed of the indebtedness for proceeds of disposition equal to the amount received by the Scotia ETF (other than an amount received or deemed to have been received on account of interest) on such redemption or repayment. Generally, on any disposition by the Scotia ETF of an indebtedness, interest accrued thereon to the date of disposition and not yet due will be included in computing the Scotia ETF's income, except to the extent such amount was otherwise included in the Scotia ETF's income, and will be excluded in computing the Scotia ETF's proceeds of disposition of the indebtedness.

To the extent a Scotia ETF holds trust units issued by a trust resident in Canada that is not at any time in the relevant taxation year a "SIFT trust" and held as capital property for purposes of the Tax Act, the Scotia ETF will be required to include in the calculation of its income for a taxation year the net income, including net taxable capital gains, paid or payable to the Scotia ETF by such trust in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, generally net taxable capital gains realized by the trust, foreign source income of the trust and taxable dividends from taxable Canadian corporations received by the trust that are paid or payable by the trust to the Scotia ETF will effectively retain their character in the hands of the Scotia ETF. The Scotia ETF will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the Scotia ETF except to the extent that the amount was included in calculating the income of the Scotia ETF or was the Scotia ETF's share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the Scotia ETF. If the adjusted cost base to the Scotia ETF of such units becomes a negative amount at any time in a taxation year of the Scotia ETF, that negative amount will be deemed to be a capital gain realized by the Scotia ETF in that taxation year and the Scotia ETF's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

Each issuer in a Scotia ETF's portfolio that is a "SIFT trust" (which will generally include Canadian resident income trusts, other than certain REITs, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains in respect of "non-portfolio properties" (collectively, "**Non-Portfolio Income**"). Non-Portfolio Income that is distributed by a SIFT trust to its unitholders will be taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Non-Portfolio Income that becomes payable by an issuer that is a SIFT trust will generally be taxed as though it were a taxable dividend from a taxable Canadian corporation and will be deemed to be a dividend eligible for the enhanced gross-up and tax credit rules applicable to "eligible dividends".

At any time that a Scotia ETF is a financial institution for purposes of the "mark-to-market property" rules contained in the Tax Act, gains and losses on the disposition of "mark-to-market property" will be on income account and will be brought into income for each taxation year on a mark-to-market basis. In respect of securities in the portfolio of the Scotia ETF that are not "mark-to-market properties", or provided the Scotia ETF is not a financial institution, in general, the Scotia ETF will realize a capital gain (or capital loss) upon the actual or deemed disposition of a security included in its portfolio, to the extent the proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security, unless the Scotia ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Scotia ETF has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised counsel that a Scotia ETF will generally take the position that gains and losses realized on the disposition of its securities are capital gains and capital losses, provided such gains and losses are (i) in respect of property that is not "mark-to-market property" where the Scotia ETF is a financial institution for purposes of the "mark-to-market property" rules, or (ii) in respect of any securities in the portfolio of the Scotia ETF where the Scotia ETF is not a financial institution. In addition, the Manager has also advised counsel that a Scotia ETF will make (if applicable) an election under subsection 39(4) of the Tax Act in its taxation year in which it first disposed or disposes "Canadian securities" (as defined in the Tax Act) to have all such Canadian securities deemed to be capital property of the Scotia ETF. Such election will affect a disposition of securities if, at the time of such disposition, the Scotia ETF is a mutual fund trust for purposes of the Tax Act or is not (i) a financial institution for purposes of the "mark-to-market property" rules in the Tax Act, or (ii) a trader or dealer in securities. Whether gains or losses realized by a Scotia ETF in respect of a particular security (other than a Canadian security) are on income or capital account will depend largely on factual considerations.

A Scotia ETF will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units of the Scotia ETF during the year (the "**Capital Gains Refund**"). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of a Scotia ETF for such taxation year which may arise upon the sale or other disposition of securities included in the portfolio in connection with the redemption of Units of the Scotia ETF.

In general, gains and losses realized by a Scotia ETF from derivative transactions and in respect of short sales of securities (other than Canadian securities) will be on income account except where such derivatives are used to hedge portfolio securities held on capital account provided the Scotia ETF is not a financial institution and there is sufficient linkage, subject to the DFA Rules discussed below. Such gains and losses will be recognized for tax purposes at the time they are realized by a Scotia ETF.

A loss realized by a Scotia ETF on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Scotia ETF, or a person affiliated with the Scotia ETF, acquires a property (a "**Substituted Property**") that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Scotia ETF, or a person affiliated with the Scotia ETF, owns the Substituted Property 30 days after the original disposition. If a loss is suspended, a Scotia ETF cannot deduct the loss from the Scotia ETF's capital gains until the Substituted Property is disposed of and is not reacquired by the Scotia ETF, or a person affiliated with the Scotia ETF, within 30 days before and after the disposition.

A Scotia ETF may enter into transactions denominated in currencies other than the Canadian dollar including the acquisition of securities in its portfolio. The cost and proceeds of disposition of securities, dividends, interest, distributions and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount

of income, gains and losses realized by a Scotia ETF may be affected by fluctuations in the value of other currencies relative to the Canadian dollar.

The DFA Rules target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and could apply to other agreements or transactions. If the DFA Rules were to apply in respect of any derivatives to be utilized by a Scotia ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

A Scotia ETF may derive income or gains from investments in countries other than Canada, and as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid by a Scotia ETF exceeds 15% of the amount included in the Scotia ETF’s income from such investments, such excess may generally be deducted by the Scotia ETF in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of the amount included in the Scotia ETF’s income from such investments and has not been deducted in computing the Scotia ETF’s income, the Scotia ETF may designate in respect of a Holder a portion of its foreign source income that can reasonably be considered to be part of the Scotia ETF’s income distributed to such Holder so that such income and a portion of the foreign tax paid by the Scotia ETF may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act.

A Scotia ETF will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by a Scotia ETF and not reimbursed will be deductible by the Scotia ETF ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. In computing its income under the Tax Act, a Scotia ETF may deduct reasonable administrative and other expenses incurred to earn income.

Losses incurred by a Scotia ETF in a taxation year cannot be allocated to Holders, but may be deducted by the Scotia ETF in future years in accordance with the Tax Act.

The Tax Act provides for a special tax on the designated income of certain trusts (other than a trust that was throughout the taxation year a mutual fund trust) that have designated beneficiaries. If a Scotia ETF is considered to be carrying on business in respect of any of its investing activities, the income related thereto may be designated income and may be subject to the above-noted special tax. The Manager intends to monitor the activities of a Scotia ETF if it does not qualify as a mutual fund trust so as to ensure that the Scotia ETF does not earn any designated income for purposes of the Tax Act. On this basis, it is anticipated that no Scotia ETF will have any liability with respect to this special tax.

### **Taxation of Holders**

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of a Scotia ETF, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in that particular taxation year (whether in cash or in Units, whether such amount is reinvested in additional Units, or whether as a Management Fee Distribution). In the case of a Scotia ETF that has validly elected to have a December 15 taxation year end, amounts paid or payable by a Scotia ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15.

Under the Tax Act, a Scotia ETF is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income and net realized taxable capital gains for the calendar year to the extent necessary to enable the Scotia ETF to use, in that taxation year, losses from prior years without affecting the ability of the Scotia ETF to distribute its income annually. In such circumstances, the amount distributed to a Holder of a Scotia ETF but not deducted by the Scotia ETF will not be included in the Holder’s income. However, the adjusted cost base of the Holder’s Units of the Scotia ETF will be reduced by such amount. The non-taxable portion of a Scotia ETF’s net realized capital gains for a taxation year, the taxable portion of which was designated in respect of a Holder for the taxation year, that is paid or becomes payable to the Holder for the year will not be included in computing the Holder’s income for the year. Any other amount in excess of a Holder’s share of the net income of a Scotia ETF for a taxation year that is paid or becomes payable to the Holder for the year (i.e. returns of capital) will not generally be included in the Holder’s income for the year, but will reduce the adjusted cost base of the Holder’s Units of the Scotia ETF. To the extent that the adjusted cost base of a Unit of a Scotia ETF to a Holder would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain to zero.



Provided that appropriate designations are made by a Scotia ETF, such portion of the net realized taxable capital gains of the Scotia ETF, the taxable dividends received or deemed to be received by the Scotia ETF on shares of taxable Canadian corporations and foreign source income of the Scotia ETF as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply. Where a Scotia ETF makes designations in respect of its foreign source income, for the purpose of computing any foreign tax credit that may be available to a Holder, the Holder will generally be deemed to have paid as tax to the government of a foreign country that portion of taxes paid by the Scotia ETF to that country that is equal to the Holder's share of the Scotia ETF's income from sources in that country.

Any loss of a Scotia ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

On the disposition or deemed disposition of a Unit of a Scotia ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the Scotia ETF which represents capital gains allocated and designated to the redeeming Holder, as further described below), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base of a Holder's Units of a class of a Scotia ETF, when additional Units of that class of the Scotia ETF are acquired by the Holder (as a result of a distribution by a Scotia ETF in the form of Units or a reinvestment in Units of a Scotia ETF), the cost of the newly acquired Units of the Scotia ETF will be averaged with the adjusted cost base of all Units of the same class of the Scotia ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued on a distribution will generally be equal to the amount of the distribution. Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested. A consolidation of Units of a Scotia ETF following a distribution paid in the form of additional Units of the Scotia ETF as described under "Distribution Policy" will not be regarded as a disposition of Units of the Scotia ETF and will not affect the aggregate adjusted cost base to a Holder.

In the case of an exchange of Units of a Scotia ETF for a Basket of Securities, a Holder's proceeds of disposition of Units of the Scotia ETF would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received (less any capital gain realized by the Scotia ETF on the disposition of such distributed property, if the Scotia ETF is not a mutual fund trust). The cost to a Holder of any property received from the Scotia ETF upon the exchange will generally be equal to the fair market value of such property at the time of the distribution. In the case of an exchange of Units for a Basket of Securities, the investor may receive securities that may or may not be qualified investments under the Tax Act for Registered Plans. If such securities are not qualified investments for Registered Plans, such Registered Plans (and, in the case of certain Registered Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

Pursuant to the Declaration of Trust, a Scotia ETF may allocate and designate as payable any capital gains realized by the Scotia ETF as a result of any disposition of property of the Scotia ETF undertaken to permit or facilitate the redemption or exchange of Units of the Scotia ETF to a Holder whose Units are being redeemed or exchanged. In addition, each Scotia ETF has the authority to distribute, allocate and designate any capital gains of the Scotia ETF to a Holder who has redeemed or exchanged Units during a year in an amount equal to the Holder's share, at the time of redemption or exchange, of the Scotia ETF's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the Holder and therefore the Holder's proceeds of disposition.

Pursuant to the ATR Rule, amounts of taxable capital gain so allocated and designated to redeeming Unitholders will be deductible to a Scotia ETF that is a mutual fund trust to the extent of the redeeming Unitholders' pro rata share (as determined under the ATR Rule) of the net taxable capital gains of such Scotia ETF for the year. Any such taxable capital gains that would not be deductible by a Scotia ETF if allocated to redeeming or exchanging Unitholders may be made payable to non-redeeming or non-exchanging Unitholders of such Scotia ETF so that such Scotia ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or non-exchanging Unitholders of a Scotia ETF may be greater than they would have been in the absence of such ATR Rule.

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units of a Scotia ETF or a taxable capital gain designated by the Scotia ETF in respect of the Holder for a taxation year of the

Holder will be included in computing the Holder's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the Holder in a taxation year of the Holder generally must be deducted from taxable capital gains realized by the Holder in the taxation year or designated by the Scotia ETF in respect of the Holder for the taxation year in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Amounts designated by a Scotia ETF to a Holder of the Scotia ETF as taxable capital gains or dividends from taxable Canadian corporations, and taxable capital gains realized on the disposition of Units of the Scotia ETF may increase the Holder's liability for alternative minimum tax.

### **Taxation of Registered Plans**

Amounts of income and capital gains included in a Registered Plan's income are generally not taxable under Part I of the Tax Act provided the Units are "qualified investments" for the Registered Plan for purposes of the Tax Act.

Notwithstanding the foregoing, the holder of a TFSA, FHSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Units held by such TFSA, FHSA, RRSP, RDSP, RESP or RRIF, as the case may be, if such Units are a "prohibited investment" for such TFSA, FHSA, RRSP, RDSP, RESP or RRIF for the purposes of the Tax Act. The Units of a Scotia ETF will not be a "prohibited investment" for a trust governed by a TFSA, FHSA, RRSP, RDSP, RESP or RRIF unless the holder of the TFSA, FHSA or RDSP, the annuitant under the RRSP or RRIF or the subscriber of the RESP, as applicable, (i) does not deal at arm's length with the Scotia ETF for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the Scotia ETF. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in a Scotia ETF unless the holder, annuitant or subscriber, as the case may be, owns Units of the Scotia ETF that have a fair market value of 10% or more of the fair market value of all Units of the Scotia ETF, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm's length. In addition, the Units of a Scotia ETF will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, FHSA, RRSP, RDSP, RESP or RRIF.

Holders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan. Holders, annuitants or subscribers should consult their own tax advisors with respect to whether Units of a Scotia ETF would be prohibited investments, including with respect to whether such Units would be excluded property.

### **Tax Implications of the Scotia ETF's Distribution Policy**

The NAV per Unit of a Scotia ETF will, in part, reflect any income and gains of the Scotia ETF that have accrued or have been realized, but have not been made payable at the time Units of the Scotia ETF were acquired. Accordingly, a Holder of a Scotia ETF who acquires Units of the Scotia ETF, including on a reinvestment of distributions or a distribution of Units of the Scotia ETF, may become taxable on the Holder's share of such income and gains of the Scotia ETF. In particular, an investor who acquires Units of a Scotia ETF at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units. Further, in the case of a Scotia ETF that has validly elected to have a December 15 taxation year end, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

## **ORGANIZATION AND MANAGEMENT DETAILS OF THE SCOTIA ETFs**

### **Manager**

1832 Asset Management L.P. manages the overall business and operations of the Scotia ETFs, including providing portfolio management, fund accounting and administration services and promoting the sales of the securities of the Scotia ETFs. 1832 Asset Management L.P. is registered (i) with the Ontario Securities Commission as a portfolio manager, investment fund manager, exempt market dealer and commodity trading manager; (ii) as an investment fund manager in Québec, Newfoundland and Labrador and Northwest Territories; (iii) as a portfolio manager in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova

Scotia, Prince Edward Island, Québec, Saskatchewan and Yukon; and (iv) as an exempt market dealer in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia and Québec.

The General Partner of the Manager, 1832 Asset Management G.P. Inc. is wholly-owned by The Bank of Nova Scotia. The Bank of Nova Scotia also owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, MD Management Limited and Scotia Capital Inc., each an investment dealer.

The principal office of the Scotia ETFs and 1832 Asset Management L.P. is located at Scotiabank North, 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.

***Duties and Services to be Provided by the Manager***

Pursuant to the Declaration of Trust, the Manager provides and arranges for the provision of required administrative services to the Scotia ETFs including, without limitation: negotiating contracts with certain third-party service providers, including, but not limited to, sub-advisors, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the Scotia ETFs; maintaining accounting records; preparing the reports to Unitholders and to the applicable Securities Regulatory Authorities; calculating the amount and determining the frequency of distributions by the Scotia ETFs; preparing financial statements, income tax returns and financial and accounting information as required; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Scotia ETFs comply with all other regulatory requirements including continuous disclosure obligations under applicable securities laws; administering purchases, redemptions and other transactions in Units; arranging for any payments required upon termination of the Scotia ETFs; and dealing and communicating with Unitholders. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Scotia ETFs. The Manager will also monitor the investment strategies of the Scotia ETFs to ensure that they comply with their investment objectives, investment strategies and investment restrictions and practices.

No manager of a Scotia ETF shall be a person who (i) is not a resident of Canada for purposes of the Tax Act or, if a partnership, a partnership that is not managed and controlled in Canada, or (ii) does not agree to carry out its functions of managing the Scotia ETF in Canada.

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Scotia ETFs, to make all decisions regarding the business of the Scotia ETFs and to bind the Scotia ETFs. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Scotia ETFs to do so.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to the Scotia ETFs or to any Unitholder or any other person for any loss or damage relating to any matter regarding the Scotia ETFs, including any loss or diminution of value of the assets of any Scotia ETF if it has satisfied its standard of care set forth above.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the applicable Scotia ETF from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the applicable Scotia ETF as long as the person acted honestly and in good faith with a view to the best interests of such Scotia ETF.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Scotia ETFs. The Manager may, in its discretion, terminate a Scotia ETF without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the Scotia ETF and/or it would otherwise be in the best interests of Unitholders to terminate the Scotia ETF.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Scotia ETF) or from engaging in other activities.

### **Executive Officers and Directors of the General Partner of the Manager**

The Board of Directors of the General Partner currently consists of eight members.

Directors are appointed to serve on the Board of Directors of the General Partner until such time as they retire or are removed and their successors are appointed. The directors and executive officers of the General Partner collectively have extensive experience in the analysis and understanding of the risks associated with many of the businesses underlying the securities that may comprise a Scotia ETF's investments. The Manager will draw upon this experience when necessary in analyzing potential investments for the Scotia ETFs.

The names, municipalities of residence, offices and principal occupations during the past five years for each of the directors and executive officers of the General Partner are as follows:

<b>Name and Municipality of Residence</b>	<b>Positions Held with the General Partner</b>	<b>Principal Occupation</b>
John Pereira Richmond Hill, Ontario	Chairman of the Board and Director	Senior Vice President and Chief Operating Officer, Global Wealth Management, Scotiabank
Neal Kerr Toronto, Ontario	President and Director	President, the Manager Senior Vice President, Asset Management, Scotiabank
Gregory Joseph Grimsby, Ontario	Chief Financial Officer	Chief Financial Officer, the Manager Director, Global Asset Management Finance, Scotiabank
Rosemary Chan Toronto, Ontario	Director	Senior Vice President, Internal Control and Regulatory Affairs, Scotiabank
Raquel Costa Toronto, Ontario	Director	Senior Vice President, International Wealth Management, Scotiabank
Todd Flick Burlington, Ontario	Director	Managing Director, Scotia Private Investment Counsel & Jarislowsky, Fraser Ltd. Private Wealth Management, Scotiabank
Craig Gilchrist Toronto, Ontario	Director	Senior Vice President, Vice Chairman and Head, Global Family Office, Global Strategic Client Group Scotiabank
Anil Mohan, Thornhill, Ontario	Director	Vice President & Chief Financial Officer, Global Wealth Management, Scotiabank
Jim Morris Caledon, Ontario	Director	Chief Operating Officer, the Manager and Managing Director, Investment Management, Scotia Global Asset Management, Scotiabank

Name and Municipality of Residence	Positions Held with the General Partner	Principal Occupation
Simon Mielniczuk Toronto, Ontario	Secretary	Senior Manager, Legal Services, Global Asset Management, Scotiabank

During the past five years, all of the directors and executive officers of the General Partner have held their present principal occupations (or similar positions with their current employer or its affiliates) except for Mr. Kerr who prior to March 2019 was Executive Vice President with CI Investments Inc. and Ms. Costa who prior to August 2019 was Director Ejecutivo, Customers and Core Bank with HSBC Mexico.

#### Executive Officers of the Manager

The names and municipalities of residence of the executive officers of the Manager, their principal occupations over the past five years, and the positions and offices held with the Manager are as follows:

Name and Municipality of Residence	Positions Held with the Manager	Principal Occupation
Neal Kerr Toronto, Ontario	President and Ultimate Designated Person	President, the Manager Senior Vice President, Asset Management, Scotiabank
Gregory Joseph Grimsby, Ontario	Chief Financial Officer	Chief Financial Officer, the Manager Director, Global Asset Management Finance, Scotiabank
Kevin Brown Milton, Ontario	Chief Compliance Officer	Chief Compliance Officer, the Manager Vice President, Asset Management Compliance, Scotiabank
Simon Mielniczuk Toronto, Ontario	Secretary	Senior Manager, Legal Services, Global Asset Management, Scotiabank

During the past five years, all of the directors and executive officers of the Manager have held their present principal occupations (or similar positions with their current employer or its affiliates) except for Mr. Kerr who prior to March 2019 was Executive Vice President with CI Investments Inc.

#### Sub-Advisor

The Manager has appointed SSGA Canada as the sub-advisor of the Scotia ETFs. As Sub-Advisor, SSGA Canada acts as the investment sub-advisor to the Scotia ETFs and will be responsible for implementing the investment strategy of such Scotia ETFs pursuant to the terms of a Sub-Advisory Agreement between the Manager and the Sub-Advisor. SSGA Canada is registered under Canadian securities regulations in the categories of portfolio manager, exempt market dealer and investment fund manager in all ten provinces of Canada. SSGA Canada is also registered as a commodities advisor with the Manitoba Securities Commission, commodity trading counsel and commodity trading manager with the Ontario Securities Commission, and as derivatives portfolio manager with the Autorité des marchés financiers. SSGA Canada delegates its portfolio management activities to its Boston-based affiliate, State Street Global Advisors Trust Company (“**SSGA Trust Company**”), a non-depository Massachusetts trust company. SSGA Trust Company is a wholly owned subsidiary of State Street Bank and Trust Company. SSGA Canada delegates investment management service relating to futures, options on futures and swaps generally traded on a U.S. exchange and/or with a U.S. counterparty to SSGA Funds Management, Inc. (“**SSGA FM**” and together with SSGA Canada and SSGA Trust Company, “**SSGA**”). SSGA FM is registered as a commodity trading advisor with the Commodity Futures Trading Commission and National Futures Association.

The address of the Sub-Advisor is 1981 McGill College Ave, Suite 500, Montreal, Quebec, H3A 3A8.

*Portfolio Management Team*

In fulfilling its investment management duties to the Scotia ETFs and provided that SSGA Canada shall remain responsible for ensuring that all sub-advisory services provided to the Scotia ETFs are in compliance with the Sub-Advisory Agreement, the Sub-Advisor may delegate certain portfolio management and trading duties to its affiliates.

The Sub-Advisor remains responsible for the sub-advisory role of each of the Scotia ETFs as set out in the Sub-Advisory Agreement. Biographical information relating to the principal portfolio managers of SSGA who oversee the services provided to the Scotia ETFs is set out below:

<b>Name</b>	<b>Scotia ETF</b>	<b>Years of Service with SSGA</b>	<b>Title with SSGA</b>
Read Burns	SITB SRIB	8	Vice President and Portfolio Manager, Canadian Fixed Income
Christian Hoffmann	SITB SRIB	16	Vice President and Senior Portfolio Manager, Canadian Fixed Income
Emiliano Rabinovich	SITC SITU SITI SITE SRIC SRII SRIU	15	Managing Director and Senior Portfolio Manager, Global Equity Beta Solutions
Kathleen Morgan	SITE	5	Vice President and Senior Portfolio Manager, Global Equity Beta Solutions

***Read Burns***

Read is a Vice President of SSGA and a Portfolio Manager on the Canadian Fixed Income team. He joined the group from the Global Portfolio Content & Analytics Team where he served as the Specialist covering North American Fixed Income. Prior to joining SSGA in 2012, Read spent the last 14 years of his career working as an institutional fixed income salesperson. The majority of this time was spent working at Lehman Brothers, but also included time at Broadpoint Gleacher and most recently UBS. Before working in sales, Read began his career in 1995 working in fixed income operations for Lehman Brothers.

Read received his BA in Economics from Bates College.

***Christian Hoffmann***

Christian is a Vice President of SSGA and a Senior Portfolio Manager on the Canadian Fixed Income team. He started in the Operations department of SSGA, where he began working in 2004. Prior to this, Christian worked for FRI Corporation, a financial research vendor, specializing in Asian fixed income securities.

Christian graduated from McGill University in April 2004 with a Bachelor of Commerce in Finance and has earned the right to use the Chartered Financial Analyst (CFA) designation. He is a member of the Montreal CFA society.

***Emiliano Rabinovich***

Emiliano is a Managing Director of SSGA and a Senior Portfolio Manager in the firm's Global Equity Beta Solutions (GEBS) team. Within this group, he is the strategy leader for their Tax Aware, Smart Beta and ESG products. Emiliano currently manages a varied mix of funds that include both traditional indexing and a variety of alternative beta mandates. Also, Emiliano manages local and global strategies and fund structures, which include separate accounts, commingled funds, mutual funds and ETFs.

Emiliano joined SSGA Canada in Montreal in 2006, where he was the Head of the GEBS team in Canada. He has been working in the investment management field since 2003.

***Kathleen Morgan***

Kathleen Morgan is a Vice President of State Street Global Advisors and a Senior Portfolio Manager in the Global Equity Beta Solutions Group. In this capacity, Kathleen is responsible for the management of various equity index funds that are benchmarked to both domestic and international strategies.

Prior to joining SSGA, Kathleen worked in Equity Product Management at Wellington Management, conducting independent risk oversight and developing investment product marketing strategy. Prior experience also includes index equity portfolio management at BlackRock.

Kathleen holds a Bachelor of Arts degree in Economics from Wellesley College and a MBA from The Wharton School at the University of Pennsylvania. She also earned the Chartered Financial Analyst designation.

### **Details of the Sub-Advisory Agreement**

SSGA Canada serves as the Sub-Advisor of the Scotia ETFs pursuant to the Sub-Advisory Agreement, as may be amended and/or amended and restated from time to time.

Under the Sub-Advisory Agreement, the Sub-Advisor has agreed to exercise its powers and discharge its duties honestly, in good faith and with a view toward meeting the investment objectives of the Scotia ETFs and that in connection therewith, to exercise the degree of care, diligence and skill which a reasonably prudent person would exercise in similar circumstances.

The services of the Sub-Advisor and its officers and directors are not exclusive to the Manager or the Scotia ETFs. The Sub-Advisor or any of its affiliates and associates may, at any time, engage in the promotion, management or investment management of any other entity which invests primarily in the same securities as those held by the applicable Scotia ETFs and provide similar services to other investment funds and other clients and engage in other activities.

The Sub-Advisory Agreement may be terminated by the Manager upon sixty (60) days' prior notice to the Sub-Advisor or by the Sub-Advisor upon sixty (60) days' prior notice to the Manager. The Sub-Advisory Agreement may also be terminated immediately in certain circumstances, including in the event of pending, threatened or actual suspension or revocation of any registration required for the Sub-Advisor to fulfill its obligations under the Sub-Advisory Agreement, or in the event that a party ceases to carry on business, becomes bankrupt or insolvent, resolves to wind up or liquidate, or if a receiver of any of the assets of a party is appointed.

### **Designated Broker**

The Manager, on behalf of each Scotia ETF, has entered into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to that Scotia ETF including, without limitation: (i) to subscribe for a sufficient number of Units of that Scotia ETF to satisfy the Designated Exchange's original listing requirements; (ii) to subscribe for Units of that Scotia ETF on an ongoing basis; and (iii) to post a liquid two-way market for the trading of Units of that Scotia ETF on the Designated Exchange. Payment for Units of a Scotia ETF must be made by the Designated Broker, and those Units will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

Units do not represent an interest or an obligation of such Designated Broker or Dealers or any affiliate thereof and a Unitholder of a Scotia ETF will not have any recourse against any such parties in respect of amounts payable by the Scotia ETF to such Designated Broker or Dealers.

### **Brokerage Arrangements**

The Sub-Advisor makes decisions regarding the execution of portfolio transactions of the Scotia ETFs, including the selection of market, broker and the negotiation of commissions, subject to the terms of the Sub-Advisory Agreement.

Subject to compliance with applicable laws and regulations, including the duty of best execution and rules relating to the sharing of commissions, in the course of selecting brokers, dealers, banks and intermediaries to effect transactions for the Scotia ETFs, the Sub-Advisor may agree to such commissions, fees and other charges as the Sub-Advisor deems reasonable in the circumstances taking into account all such factors as it considers relevant, including the quality of brokerage research services made available to it (even if such research services are not for the exclusive benefit of the Scotia ETF) unless the receipt of brokerage research services by the Sub-Advisor in this context is prohibited.

The Sub-Advisor may aggregate sales and purchase orders of securities held in the Scotia ETFs with similar orders being made simultaneously for other accounts managed by the Sub-Advisor if, in the Sub-Advisor's reasonable judgment, such aggregation shall result in an overall economic benefit to the Scotia ETFs taking into consideration the advantageous selling or purchase price, brokerage commission and other expenses.

The names of dealers or third parties who have provided research goods and services and/or order execution goods and services (other than order execution) within the preceding 12-month period are available upon request by calling the Manager toll-free at 1-866-977-0477, by email at [scotiaetfs@scotiabank.com](mailto:scotiaetfs@scotiabank.com) or by writing to the Manager at Scotiabank North, 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.

### **Conflicts of Interest**

The Manager, the Sub-Advisor and their affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services provided by the Manager under the Declaration of Trust and the Sub-Advisor under the Sub-Advisory Agreement are not exclusive and nothing in such agreements prevents the Manager, the Sub-Advisor or any of their respective affiliates from providing similar services to other investment funds and other persons (whether or not their investment objectives, strategies and policies are similar to those of the Scotia ETFs) or from engaging in other activities. While the Manager and Sub-Advisor have developed policies and procedures intended to mitigate and manage the conflicts of interest that may arise, there can be no assurance that they will identify all conflicts of interest or that every actual or potential conflict of interest identified will be successfully mitigated or eliminated. The following does not purport to be a comprehensive list or complete explanation of all actual or potential conflicts of interest, and the Manager, the Sub-Advisor and/or their affiliates may encounter circumstances, or, subject to compliance with NI 81-107, enter into transactions, in which conflicts of interest that are not listed or discussed here may arise. The Manager's and the Sub-Advisor's investment decisions for the Scotia ETFs will be made independently of those made for other persons and independently of its own investments.

The directors and officers of the Manager, the Sub-Advisor or any of their respective affiliates may be directors, officers, shareholders or unitholders of one or more issuers in which a Scotia ETF may acquire securities. The Manager, the Sub-Advisor and their respective affiliates may be engaged as managers or portfolio managers for one or more issuers in which a Scotia ETF may acquire securities and may be managers or portfolio managers of funds or accounts that invest in the same securities as the Scotia ETFs. The Scotia ETFs are permitted to purchase, sell and hold securities of certain issuers that are directly or indirectly related to the Manager or the Sub-Advisor. Such transactions will only be undertaken where permitted by applicable securities laws and upon obtaining any required regulatory approvals. A Scotia ETF may invest in certain Underlying ETFs that have embedded fees payable to the Sub-Advisor and/or its affiliates for providing management, administrative or other services to such Underlying ETFs. These fees, as well as other fees and expenses payable by such Underlying ETFs, are generally shared by all unitholders of such Underlying ETF, including the Scotia ETFs. These fees and expenses are payable in addition to the fees received by the Sub-Advisor for providing services to the Manager in connection with the Scotia ETFs. However, to ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

The Manager and Sub-Advisor, as applicable, each act on a basis which is fair, reasonable and equitable to the Scotia ETFs in recommending from among the particular investment opportunities that come to the Manager or Sub-Advisor those investment opportunities which it presents to the Scotia ETFs. Subject to this obligation, the Manager and Sub-Advisor are not obligated to present any particular investment opportunity to the Scotia ETFs even if the opportunity is of a character which, if presented to a Scotia ETFs, could be taken by the Scotia ETF and the Manager or Sub-Advisor may take for its own account or recommend to others any such particular investment opportunity. When the Manager or Sub-Advisor decides to buy or sell the same security for a Scotia ETF as the Manager, Sub-Advisor or one or more of their affiliates has purchased for one or more of its clients or for clients of its affiliates, the orders for all such security transactions shall be placed for execution by methods determined by the Manager and Sub-Advisor to be considered fair and equitable over time. The Manager and Sub-Advisor may effect portfolio transactions on behalf of the Scotia ETFs through their affiliates, which will benefit from a commission, fee, spread, mark-up or mark-down received in connection with each such portfolio transaction.



Actual and potential conflicts of interest may arise due to the fact that State Street Trust Company Canada, an affiliate of the Sub-Advisor, serves as Custodian. The Manager engages directly with the Custodian regarding the rates, fees and charges and other terms of the custody arrangement.

The Manager and its shareholders, Sub-Advisor, their affiliates and associates may have other business interests and may engage in other activities similar or in addition to those relating to the activities to be performed hereunder, including rendering of services and advice to other persons, including persons which may invest in securities of the same issuer as the Scotia ETFs, the ownership, development and management of other investments including investments of the Manager, Sub-Advisor and their affiliates in securities of the same issuers in which the Scotia ETFs invest, and participation, whether as exclusive distributor, dealer, broker or otherwise, in the distribution of securities issued by corporations, unit investment trusts or other organizations and the Manager shall not be called upon to account in respect of such transactions or activity or benefit derived therefrom by virtue only of the relationship between the parties concerned. The Manager, Sub-Advisor or their affiliates may own securities of the Scotia ETFs and shall be free to dispose of or deal with any such investments in any manner it considers appropriate. The Manager and Sub-Advisor may use information provided to them by third parties in providing services to the Scotia ETFs in providing services to others.

The directors and officers of the Manager and Sub-Advisor or their affiliates may be directors, officers, shareholders or unitholders of one or more issuers from which the Scotia ETFs may acquire securities. The Manager, Sub-Advisor and their affiliates may be managers or portfolio managers of one or more issuers from which the Scotia ETFs may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the Scotia ETFs.

A registered dealer acts as a Designated Broker, and one or more dealers acts or may act as a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in a Scotia ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Scotia ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders. Scotia Capital Inc., an affiliate of the Manager, has agreed to act as a Designated Broker and Dealer for the Scotia ETFs.

Any such registered Dealer and its affiliates may, at present or in the future, engage in business with the Scotia ETFs, the issuers of securities making up the investment portfolio of the Scotia ETFs, the Manager, the Sub-Advisor or any funds sponsored by them or their affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered Dealer and its affiliates and the Manager, the Sub-Advisor and their affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager, the Sub-Advisor or their respective affiliates.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. The applicable Designated Broker and Dealers do not act as underwriters of any Scotia ETF in connection with the distribution of Units under this prospectus. Units of the Scotia ETFs do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Scotia ETF to the applicable Designated Broker or Dealers. The Securities Regulatory Authorities have provided the Scotia ETFs with a decision exempting the Scotia ETFs from the requirement to include a certificate of any underwriter in the prospectus.

The Manager or Sub-Advisor and their affiliates may at times have interests that differ from the interests of the Unitholders of a Scotia ETF. Where the Manager or its affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. See “Organization and Management Details of the Scotia ETFs – Independent Review Committee”.

### **Independent Review Committee**

The Manager has established an IRC in accordance with NI 81-107 with a mandate to review and provide recommendations or approval, as required, on conflict of interest matters referred to it by the Manager on behalf of a Scotia ETF. The IRC is responsible for overseeing the Manager’s decisions in situations where the Manager is faced with any present or perceived conflicts of interest, all in accordance with NI 81-107.

The IRC may also approve certain mergers between a Scotia ETF and other investment funds, and any change of the auditor of a Scotia ETF. Subject to any corporate and securities law requirements, no Unitholder approval will be

obtained in such circumstances, but Unitholders will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, Unitholder approval may be required to approve certain mergers.

The IRC currently has five members, Stephen Griggs (Chair), Steve Donald, Simon Hitzig, Heather A. T. Hunter and Jennifer L. Witterick, each of whom is independent of the Manager.

The IRC prepares and files a report to the Unitholders each fiscal year that describes the IRC and its activities for Unitholders as well as contains a complete list of the standing instructions. These standing instructions 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. This report to the Unitholders is available on the Manager's website at [www.scotiabank.com/ETF](http://www.scotiabank.com/ETF) or, at no cost, by contacting the Manager at 1-866-977-0477.

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Scotia ETFs as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses.

As at the date of this prospectus, each member of the IRC receives an annual retainer (\$62,000 per member, and \$77,000 for the Chair) and is reimbursed for reasonable expenses incurred. These fees and expenses will be allocated among all the investment funds managed by the Manager for which the IRC has been appointed in a manner that, in the Manager's view, is considered fair and reasonable.

### **Trustee**

Pursuant to the Declaration of Trust, 1832 Asset Management L.P. is also the trustee of the Scotia ETFs. The Trustee may resign upon 90 days' notice to Unitholders and the Manager. The address of the Trustee where it principally provides services to the Scotia ETFs is Scotiabank North, 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.

The Declaration of Trust provides that the Trustee shall act honestly, in good faith and in the best interests of each Scotia ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out the Trustee's duties.

The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act or, if a partnership, be a partnership that is managed and controlled in Canada; (ii) carry out its function of managing the Scotia ETFs in Canada; or (iii) exercise the main powers and discretions of the Trustee in respect of the Scotia ETFs in Canada. If the Trustee resigns or if it becomes incapable of acting as trustee, the Trustee may appoint a successor trustee prior to its resignation, and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days after the Trustee has provided the Manager with 90 days' notice of its intention to resign, the Scotia ETFs will be terminated, and the property of the Scotia ETF shall be distributed in accordance with the terms of the Declaration of Trust.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

### **Custodian**

State Street Trust Company Canada is the custodian of each Scotia ETF's assets pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the same degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that the Custodian exercises in respect of its own property of a similar nature in its custody. Provided the Custodian has not breached its standard of care as set out in the Custodian Agreement, the Custodian shall not be responsible for the holding or control of any property of a Scotia ETF which is not directly held by the Custodian.

Under the Custodian Agreement, the Manager shall pay fees to the Custodian at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. Each Scotia ETF shall also indemnify the Custodian or any of its officers, directors, employees or agents for any loss, damage or expense, including reasonable legal and expert's fees and expenses, arising in connection with the Custodian Agreement, except to the extent caused by a breach by the Custodian of its standard of care under the Custodian Agreement. The Manager and each Scotia ETF will be indemnified in certain circumstances as set out in the Custodian Agreement. Either party may terminate the Custodian Agreement upon at least 90 days' written notice or immediately if the other party becomes insolvent, makes an assignment for the benefit of creditors, a petition in bankruptcy is filed by or against that party and is not discharged within 30 days, or proceedings for the appointment of a receiver for that party are commenced and not discontinued within 30 days or if the other party is in material breach of the Custodian Agreement and such breach has not been remedied within a period of 30 days after notice of such breach has been given by the terminating party.

### **Auditors**

The auditors of the Scotia ETFs are KPMG LLP located in Toronto, Ontario. The auditors of the Scotia ETFs may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

### **Valuation Agent**

State Street Bank and Trust Company provides accounting services in respect of the Scotia ETFs. State Street Trust Company Canada is located in Toronto, Ontario.

### **Transfer Agent and Registrar**

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the Registrar and Transfer Agent for each Scotia ETF pursuant to registrar and transfer agency agreements entered into as of the date of the initial issuance of Units of each Scotia ETF.

### **Lending Agent**

State Street Bank and Trust Company may act as the securities lending agent for the Scotia ETFs pursuant to the Securities Lending Agreement. The Lending Agent is not an affiliate or associate of the Manager.

Under the Securities Lending Agreement, the collateral posted by a securities borrower to the Scotia ETFs will be required to have an aggregate value of not less than 102% of the market value of the loaned securities. In addition to the collateral held by the Scotia ETFs, the Scotia ETFs will also benefit from a borrower default indemnity provided by the Lending Agent. The Lending Agent's indemnity will provide for the replacement of a number of securities equal to the number of unreturned loaned securities.

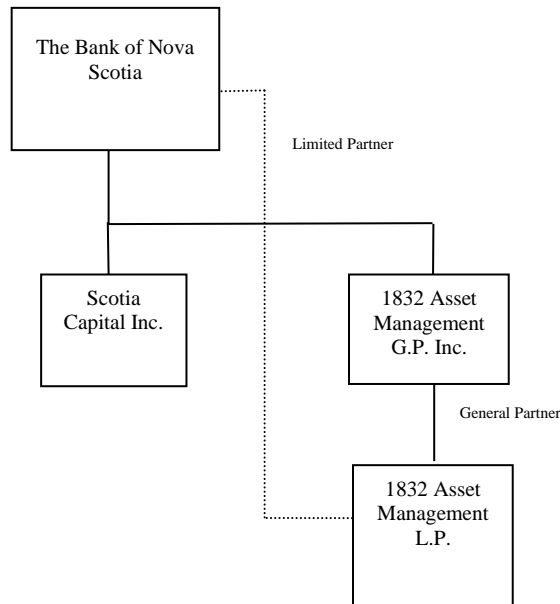
### **Promoter**

The Manager is the promoter of the Scotia ETFs within the meaning of the securities legislation of certain provinces and territories of Canada by reason of its initiative of organizing the Scotia ETFs. The promoter will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than as described under "Fees and Expenses".

### **Affiliated Entities**

The only affiliated entities that provide services to the Scotia ETFs and to the Manager in connection with the Scotia ETFs are Scotiabank and Scotia Capital Inc. The amount of fees received from a Scotia ETF by these entities each year is disclosed in the Scotia ETF's audited annual financial statements.

The following diagram shows the relationship between the Manager and these entities:



### CALCULATION OF NAV

#### Net Asset Value

How much a Scotia ETF or one of its series of units is worth is called its "net asset value". When a Scotia ETF calculates its net asset value, it determines the fair value of all of the assets attributable to the Scotia ETF and subtracts all of its liabilities solely referable to the Scotia ETF and all series of units.

The net asset value of units of a Scotia ETF includes the management fee and the Administration Fee (as defined herein) which is equal to a specified percentage of the net asset value for each series of the Scotia ETF. Separate net asset values are calculated for each series. The liabilities and Management Fee Distributions in respect of each series of units of the Scotia ETF are then deducted but holders of such series of units of a Scotia ETF generally will not be affected by the management fee, Administration Fee and other expenses specific to the other series of the Scotia ETF.

The net asset value per unit per series of a Scotia ETF is very important because it is the basis on which units of the Scotia ETF are purchased and redeemed. The net asset value per unit per series of a Scotia ETF varies from day to day. Every day that the Toronto Stock Exchange is open for business is a "Valuation Date". Units will be purchased or redeemed at the net asset value per unit determined after the receipt by the Scotia ETF of the purchase or redemption order.

#### **Calculation of Net Asset Value**

We calculate a separate net asset value per unit of each series of a Scotia ETF by:

- adding up the fair value of the assets of the Scotia ETF and determining the proportionate share of the series;
- subtracting the liabilities of the Scotia ETF allocated to that series; and
- dividing the remaining value by the total number of outstanding units of that series.

The NAV per Unit of a class is calculated in Canadian dollars in accordance with the rules and policies of the Securities Regulatory Authorities or in accordance with any exemption therefrom that the Scotia ETF may obtain.

## Valuation Policies and Procedures of the Scotia ETFs

In calculating the NAV of a Scotia ETF at any time:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends or distributions received (or to be received and declared to unitholders of record on a date before the date as of which the NAV of a Scotia ETF and any series NAV are being determined) and interest, accrued and not yet received, shall be deemed to be the full amount thereof, unless determined that any such deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends or distributions received (or receivable) or accrued interest is not worth the full face value, in which event the value thereof shall be deemed to be such value as the Manager determines to be reasonable;
- (b) the value of any security which is listed on a stock exchange will be the official closing sale price or, if there is no such sale price, the average of the bid and the ask price at that time by the close of trading of the Designated Exchange, generally 4:00 p.m. (Toronto time), all as reported by any report in common use or authorized as official by the stock exchange, provided that if such official closing sale price is not within the latest available bid and ask quotations on the Valuation Date then the Manager has the discretion to determine a value which it considers to be fair and reasonable (the "fair value") for the security based on market quotations the Manager believes most closely reflect the fair value of the investment. The trading hours for foreign securities that trade in foreign markets may end prior to 4:00 p.m. (Toronto time) and therefore may not take into account, among other things, events that occur after the close of the foreign market. In these circumstances, the Manager may determine what it considers to be a fair value for the foreign securities which may differ from such securities' most recent closing market prices. These adjustments are intended to minimize the potential for market timing strategies which are largely focused on mutual funds with significant holdings in foreign securities;
- (c) the value of the securities of any unlisted mutual fund will be the NAV per unit or NAV per share on the Valuation Date or, if such date is not a valuation date of the mutual fund, the NAV per unit or NAV per share on the most recent valuation date for the mutual fund;
- (d) the value of any security which is traded on an over-the-counter market will be the closing sale price on the Valuation Date or, if there is no such sale price, the average of the bid and the ask prices at that time, all as reported by the financial press;
- (e) the value of long positions and short positions in clearing corporation options is based on the mid-price and the value of long positions and short positions in debt-like securities and warrants that are traded on a stock exchange or other markets will be the closing sale price on the Valuation Date or, if there is no such sale price, the average of the bid and ask prices at that time, all as reported by any report in common use or authorized as official by the stock exchange or, if no bid or ask price is available, the last reported closing sale price of such security;
- (f) the value of long positions and short positions in clearing corporation options on futures is based on the daily settlement price determined by the respective exchange (if available); if no settlement price is available, the last reported closing sale price on the Valuation Date; or, if no closing sale price is available, the last reported settlement price of such security;
- (g) where a covered clearing corporation option or over-the-counter option is written by a Scotia ETF the premium received by the Scotia ETF will be reflected as a deferred credit; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the NAV of the Scotia ETF; the securities, if any, which are the subject of a written clearing corporation option or over-the-counter option will be valued in a manner listed above for listed securities in paragraph (e) above;
- (h) the value of any standardized futures contract or forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the standardized futures contract or forward contract, as

applicable, on the Valuation Date, unless “daily limits” are in effect, in which case fair market value shall be based on the value of the underlying interest on the Valuation Date as determined in a manner by the Manager in its discretion;

- (i) over-the-counter swap contracts are valued at the amount that the Scotia ETF would receive or pay to terminate the swap, based on the current value of the underlying interest on the Valuation Date; centrally cleared swaps listed or traded on a multilateral or trade facility platform, such as a registered exchange, are valued at the daily settlement price determined by the respective exchange (if available);
- (j) the value of any security or other asset for which a market quotation is not readily available or to which, in the opinion of the Manager, the above principles cannot be applied, will be its fair value on the Valuation Date determined in a manner by the Manager in its discretion; and
- (k) the liabilities of each Scotia ETF include:
  - i. all bills, notes and accounts payable;
  - ii. all administrative expenses payable or accrued (including management fees);
  - iii. all contractual obligations for the payment of money or property, including unpaid distributions;
  - iv. all allowances authorized or approved by the Trustee for taxes; and
  - v. all other liabilities of the Scotia ETF; except liabilities represented by outstanding series of Units of any Scotia ETF.

For the purpose of determining the NAV of a Scotia ETF, each Scotia ETF has also adopted the valuation requirements which have been established by the Securities Regulatory Authorities.

The market value of investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange established at 11:00 a.m. (Toronto time) on each Valuation Date. For the purposes of all such conversions to Canadian currency, the rate of exchange as determined by customary banking sources will be used.

### **Differences from International Financial Reporting Standards**

In accordance with NI 81-106, the fair value of a portfolio security used to determine the daily price of a Scotia ETF’s Units for purchases and redemptions by investors will be based on the Scotia ETF’s valuation principles set out above, which comply with the requirements of NI 81-106 but differ in some respects from the requirements of International Financial Reporting Standards (“**IFRS**”), which are used for financial reporting purposes only.

The interim financial reports and annual financial statements of each Scotia ETF (the “**Financial Statements**”) are required to be prepared in compliance with IFRS. The Scotia ETF’s accounting policies for measuring the fair value of their investments (including derivatives) are identical to those used in measuring their NAV for transactions with unitholders, except as disclosed below.

The fair value of a Scotia ETF’s investments (including derivatives) is the price that would be received to sell an asset, or the price that would be paid to transfer a liability, in an orderly transaction between market participants as at the date of the Financial Statements (the “**Reporting Date**”). The fair value of a Scotia ETF’s financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the Reporting Date (the “**Close Price**”). In contrast, for IFRS purposes, each Scotia ETF uses the Close Price for both financial assets and liabilities where that price falls within that day’s bid-ask spread. If a Close Price does not fall within the bid-ask spread, the Close Price will then be adjusted by the Manager to a point within the bid-ask spread that, in the Manager’s view, is most representative of fair value based on specific facts and circumstances.

As a result of this potential adjustment or other fair value adjustments the Manager may determine and considers to be fair and reasonable for the security, the fair value of the financial assets and liabilities of a Scotia ETF determined under IFRS may differ from the values used to calculate the NAV of that Scotia ETF.

The Notes to the Financial Statements of the Scotia ETF will include a reconciliation of the differences between the NAV calculated based on IFRS and NI 81-106, if any.

### **Reporting of NAV**

The NAV and NAV per Unit of a class will be calculated as of the Valuation Time on every Valuation Date. Such information will be provided by the Manager to Unitholders on request via email at [scotiaetfs@scotiabank.com](mailto:scotiaetfs@scotiabank.com), or through its website at [www.scotiabank.com/ETF](http://www.scotiabank.com/ETF).

## **ATTRIBUTES OF THE SECURITIES**

### **Description of the Securities Distributed**

Each Scotia ETF is authorized to issue an unlimited number of classes or series of redeemable, transferable Units, each of which represents an undivided interest in the net assets of that Scotia ETF.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs, or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the province of Ontario. Each Scotia ETF is a reporting issuer under the *Securities Act* (Ontario) and each Scotia ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

### ***Certain Provisions of the Units***

Each Unit entitles the holder thereof to one vote at meetings of Unitholders and to participate equally with all other Units of the same class of the Scotia ETF with respect to all payments made to Unitholders, other than Management Fee Distributions and capital gains allocated and designated to a redeeming Unitholder, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Scotia ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of that class of the Scotia ETF. All Units will be issued as fully paid. Unitholders are entitled to require a Scotia ETF to redeem their Units of such Scotia ETF as outlined under the heading “Exchange and Redemption of Units – Redemption of Units of a Scotia ETF for Cash” and “Exchange and Redemption of Units – Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash”.

### ***Exchange of Units for Baskets of Securities***

As set out under “Exchange and Redemption of Units – Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash”, Unitholders may exchange the applicable PNU (or an integral multiple thereof) of a Scotia ETF on any Trading Day for Baskets of Securities and/or cash, subject to the requirement that a minimum PNU be exchanged.

### ***Redemptions of Units for Cash***

On any Trading Day, Unitholders may redeem Units of any Scotia ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the Designated Exchange on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time. Because Unitholders will generally be able to sell Units at the market price on the Designated Exchange through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

### ***Modification of Terms***

Any amendment to the Declaration of Trust that creates a new class of Units of a Scotia ETF will not require notice to existing Unitholders of the Scotia ETF unless such amendment in some way affects the existing Unitholders' rights or the value of their investment. An amendment such as the re-designation of Units of a Scotia ETF, or the termination of a class of Units of a Scotia ETF, which has an effect on a Unitholder's holdings will only become effective after 30 days' notice to Unitholders of the applicable classes of Units of the Scotia ETF.

All other rights attached to the Units of a Scotia ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust.

### ***Voting Rights in the Portfolio Securities***

Holders of Units will not have any voting rights in respect of the securities in a Scotia ETF's portfolio.

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

Meetings of Unitholders of a Scotia ETF will be held if called by the Manager or upon the written request to the Manager of Unitholders of the Scotia ETF holding not less than 25% of the then outstanding Units of the Scotia ETF.

### **Matters Requiring Unitholder Approval**

NI 81-102 requires a meeting of Unitholders of a Scotia ETF to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the Scotia ETF or its Unitholders is changed in a way that could result in an increase in charges to the Scotia ETF or to its Unitholders, except where (a) the Scotia ETF is at arm's length with the person or company charging the fee; and (b) the Unitholders have received at least 60 days' notice before the effective date of the change;
- (ii) a fee or expense, to be charged to a Scotia ETF or directly to its Unitholders by the Scotia ETF or the Manager in connection with the holding of Units of the Scotia ETF that could result in an increase in charges to the Scotia ETF or its Unitholders, is introduced;
- (iii) the Manager is changed, unless the new manager of the Scotia ETF is an affiliate of the Manager;
- (iv) the fundamental investment objective of the Scotia ETF is changed;
- (v) the Scotia ETF decreases the frequency of the calculation of its NAV per Unit;
- (vi) other than a Permitted Merger for which Unitholder approval is not required, the Scotia ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Scotia ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Scotia ETF becoming securityholders in the other mutual fund;
- (vii) the Scotia ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the Scotia ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders, and the transaction would be a material change to the Scotia ETF; or
- (viii) any matter which is required by the constitutive documents of the Scotia ETF, by the laws applicable to the Scotia ETF or by any agreement to be submitted to a vote of the Unitholders.

In addition, the auditors of a Scotia ETF may not be changed unless the IRC of the Scotia ETF has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of a Scotia ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Scotia ETF duly called and held for the purpose of considering the same approve the related resolution.



### **Amendments to the Declaration of Trust**

If a Unitholder meeting is required to amend a provision of the Declaration of Trust, no change proposed at a meeting of Unitholders of a Scotia ETF shall take effect until the Manager has obtained the prior approval of not less than a majority of the votes cast at such meeting of Unitholders of the Scotia ETF.

Subject to any longer notice requirements imposed under securities legislation, the Trustee is entitled to amend the Declaration of Trust by giving not less than 30 days' notice to Unitholders of each Scotia ETF affected by the proposed amendment in circumstances where:

- (a) securities legislation requires that written notice be given to Unitholders of that Scotia ETF before the change takes effect;
- (b) the change would not be prohibited by securities legislation; or
- (c) the Trustee reasonably believes that the proposed amendment has the potential to adversely impact the financial interests or rights of the Unitholders of that Scotia ETF, so that it is equitable to give Unitholders of that Scotia ETF advance notice of the proposed change.

All Unitholders of a Scotia ETF shall be bound by an amendment affecting the Scotia ETF from the effective date of the amendment.

The Trustee may amend the Declaration of Trust, without the approval of or prior notice to any Unitholders, if the Trustee reasonably believes that the proposed amendment does not have the potential to adversely impact the financial interests or rights of Unitholders of a Scotia ETF or that the proposed amendment is necessary to:

- (a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over a Scotia ETF or the distribution of its Units;
- (b) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any applicable laws, regulations or policies affecting a Scotia ETF, the Trustee or its agents;
- (c) make any change or correction in the Declaration of Trust which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;
- (d) facilitate the administration of a Scotia ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of a Scotia ETF or its Unitholders;
- (e) protect the Unitholders of a Scotia ETF; or
- (f) make any change or correction which is necessary or desirable for the purpose of bringing the Declaration of Trust into conformity with current market practice within the securities or investment fund industries or curing or correcting any administrative difficulty.

### **Permitted Mergers**

A Scotia ETF may, without Unitholder approval, enter into a merger or other similar transaction (a “**Permitted Merger**”) that has the effect of combining that Scotia ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Scotia ETF, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective NAVs and Unitholders of the Scotia ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

## Reporting to Unitholders

The fiscal year of each Scotia ETF will be the calendar year. The annual financial statements of the Scotia ETFs will be audited by its auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with International Financial Reporting Standards.

The Manager will ensure that the Scotia ETFs comply with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements. Each Unitholder of a Scotia ETF, other than a Registered Plan, will be mailed annually, within the first 90 days after the Scotia ETF's taxation year or such other time as required by applicable law, prescribed tax information with respect to amounts paid or payable by the Scotia ETF in respect of that taxation year of that Scotia ETF.

The Manager will keep adequate books and records reflecting the activities of the Scotia ETFs. A Unitholder or his or her duly authorized representative will have the right to examine the books and records of the Scotia ETFs during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Scotia ETFs.

## International Information Reporting

Pursuant to the Canada-United States Enhanced Tax Information Exchange Agreement entered into between Canada and the United States (the "IGA") and related Canadian legislation in the Tax Act, the dealers through which Unitholders hold their Units are required to report certain information with respect to Unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are tax residents and/or citizens of Canada) or certain entities the "controlling persons" of which are "U.S. Persons", as defined under the IGA (excluding Registered Plans, other than FHSAs), to the CRA. The CRA is expected to provide that information to the U.S. Internal Revenue Service. The CRA has indicated that FHSAs are under consideration for being treated in the same way as other Registered Plans for these purposes, and that information about investments held within FHSAs does not need to be reported at this time.

Pursuant to the provisions of the Tax Act that implement the Organization for Economic Co-operation and Development Common Reporting Standard (the "CRS Provisions"), "Canadian financial institutions" (as defined in the CRS Provisions) would be required to have procedures in place to identify accounts held by tax residents of foreign countries (other than the U.S.) or by certain entities the "controlling persons" of which are tax resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with the countries, where such countries have agreed to a bilateral information exchange with Canada under the Common Reporting Standard in which the account holders or such controlling persons are tax resident. Under the CRS Provisions, Unitholders will be required to provide certain information regarding their investment in a Scotia ETF for the purpose of such information exchange, unless the investment is held within a Registered Plan (other than an FHSA). Under a proposed Tax Amendment, FHSAs would also be exempt from the CRS Provisions, although there can be no assurances that this amendment will be enacted.

## TERMINATION OF THE SCOTIA ETFs

Subject to complying with applicable securities law, the Manager may terminate a Scotia ETF at its discretion. In accordance with the terms of the Declaration of Trust and applicable securities law, Unitholders of a Scotia ETF will be provided 60 days' advance written notice of the termination.

If a Scotia ETF is terminated, the Trustee is empowered to take all steps necessary to effect the termination of the Scotia ETF. Prior to terminating a Scotia ETF, the Trustee may discharge all of the liabilities of the Scotia ETF and distribute the net assets of the Scotia ETF to the Unitholders of the Scotia ETF.

Upon termination of a Scotia ETF, each Unitholder of the Scotia ETF shall be entitled to receive at the Valuation Time on the termination date out of the assets of the Scotia ETF: (i) payment for that Unitholder's Units at the NAV per Unit for that class of Units of the Scotia ETF determined at the Valuation Time on the termination date; plus (ii) where applicable, any net income and net realized capital gains that have been made payable to such Unitholder but that have not otherwise been paid to such Unitholder; less (iii) any applicable redemption charges and any taxes that

are required to be deducted. Payment shall be made by cheque or other means of payment payable to such Unitholder and drawn on the Scotia ETF's bankers and may be mailed by ordinary post to such Unitholder's last address appearing in the registers of Unitholders of that Scotia ETF or may be delivered by such other means of delivery acceptable to both the Manager and such Unitholder.

The Trustee shall be entitled to retain out of any assets of a Scotia ETF, at the date of termination of the Scotia ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the Scotia ETF and the distribution of its assets to the Unitholders of the Scotia ETF. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

### **PLAN OF DISTRIBUTION**

Units are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units shall be offered for sale at a price equal to the NAV of such class of Units determined at the Valuation Time on the effective date of the subscription order.

#### **Non-Resident Unitholders**

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of a Scotia ETF (on either a number of Units or fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of the Scotia ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a Scotia ETF then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units of a Scotia ETF (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of a Scotia ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Scotia ETF as a mutual fund trust for purposes of the Tax Act.

### **RELATIONSHIP BETWEEN THE SCOTIA ETFs AND THE DEALERS**

The Manager, on behalf of a Scotia ETF, may enter into various agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of the Scotia ETF as described under "Purchases of Units".

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Scotia ETFs of their Units under this prospectus. Units of a Scotia ETF do not represent an interest or an obligation of the applicable Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Scotia ETF to the applicable Designated Broker or Dealers. See "Organization and Management Details of the Scotia ETFs - Conflicts of Interest".

## PRINCIPAL HOLDERS OF UNITS

CDS & Co., the nominee of CDS, will be the registered owner of the Units of the Scotia ETFs, which it will hold for various brokers and other persons on behalf of their clients and others. From time to time, a Designated Broker, Dealer, Scotia ETF or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of a Scotia ETF.

## PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

### Policies and Procedures

The Manager has delegated proxy voting responsibility in respect of the securities held by the Scotia ETFs to the Sub-Advisor. The Sub-Advisor's proxy voting policies and procedures ("**Proxy Voting Policies**") guide the Sub-Advisor in determining whether and how to vote on any matter for which the relevant Scotia ETF received proxy materials. The Manager reviews the Sub-Advisor's Proxy Voting Policies to ensure that the voting rights will be exercised in accordance with the best interests of the Scotia ETFs.

### Sub-Advisor's Proxy Voting Guidelines

SSGA Canada will comply with the procedures described below with respect to the voting of proxies received from issuers of securities held by the Scotia ETFs. The SSGA Canada Proxy Voting Guidelines provide that SSGA Canada and its subsidiaries seek to make proxy voting decisions in the manner most likely to protect and promote the economic value of the companies in which it invests on behalf of clients. When exercising voting rights, SSGA Canada will normally vote on specific proxy issues in accordance with its proxy voting guidelines for the relevant market. SSGA Canada may, however, in the exercise of its business judgment, conclude that the SSGA Canada Proxy Voting Guidelines do not cover the specific matter upon which a proxy vote is requested or that an exception to the SSGA Canada Proxy Voting Guidelines would be in the best long-term economic interests of SSGA Canada's clients.

### Disclosure of Proxy Voting Guidelines and Record

The Proxy Voting Policies are available upon request at no charge by calling 1-866-977-0477 for French, or by writing to the Manager at 1832 Asset Management L.P., Scotiabank North, 40 Temperance Street, 16<sup>th</sup> Floor, Toronto, Ontario, M5H 0B4.

The proxy voting record for each Scotia ETF for the most recent 12-month period ending June 30 of each year will be available upon request and at no cost at any time after August 31 of that year. The proxy voting record for each Scotia ETF will also be available on the internet at [www.scotiafunds.com/scotiafunds/en/legal-and-regulatory.html](http://www.scotiafunds.com/scotiafunds/en/legal-and-regulatory.html). Information contained on the websites of the Manager and the Scotia ETFs is not part of this prospectus and is not incorporated herein by reference.

## MATERIAL CONTRACTS

The only contracts material to the Scotia ETFs are the Declaration of Trust, Sub-Advisory Agreement, Custodian Agreement, License Agreement and Securities Lending Agreement.

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Manager during the course of distribution of the Units offered hereby.

## LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Scotia ETFs are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Scotia ETFs.

### *Penalties and Sanctions*

The Manager entered into a settlement agreement with the Ontario Securities Commission (the "**OSC**") on April 24, 2018 (the "**Settlement Agreement**"). The Settlement Agreement states that, between November 2012 and October

2017, the Manager failed to (i) comply with National Instrument 81-105 Mutual Fund Sales Practices (“**NI 81-105**”) by not meeting the minimum standards of conduct expected of industry participants in relation to certain sales practices; (ii) have systems of controls and supervision over sales practices sufficient to provide reasonable assurances the Manager was complying with its obligations under NI 81-105; and (iii) maintain adequate books, records and other documents to demonstrate compliance with NI 81-105. The Manager agreed to (i) pay an administrative penalty of \$800,000 to the OSC; (ii) submit to a review of its sales practices, procedures and controls by an independent consultant; and (iii) pay costs of the OSC’s investigation in the amount of \$150,000. Other than the foregoing, the Manager has had no disciplinary history with any securities regulator.

### **EXPERTS**

The matters referred to under “Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon on behalf of the Scotia ETFs by Blake, Cassels & Graydon LLP.

KPMG LLP, Chartered Professional Accountants, the auditor of the Scotia ETFs, has prepared an independent auditor’s report on the financial statements of the Scotia ETFs as of March 23, 2023. KPMG LLP, Chartered Professional Accountants, has confirmed that it is independent with respect to the Scotia ETFs within the meaning of the Chartered Professional Accountants of Ontario Code of Professional Conduct.

### **EXEMPTIONS AND APPROVALS**

The Manager, on behalf of the Scotia ETFs, has applied for, or obtained exemptive relief from the Securities Regulatory Authorities:

- (a) to permit a Unitholder to acquire more than 20% of the Units of a Scotia ETF through purchases on the Designated Exchange without regard to the takeover bid requirements of applicable Canadian Securities Legislation;
- (b) to relieve the Scotia ETFs from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to permit the Manager to call meetings of the Scotia ETFs using the Notice-and-Access Procedure as permitted by the terms of relief;
- (d) to permit a Scotia ETF to reference in its sales communications Lipper, Inc. (“Lipper”) leader ratings and Lipper awards (where such Scotia ETF has been awarded a Lipper award), provided that certain conditions are met;
- (e) to permit a Scotia ETF to reference in its sales communications FundGrade Ratings and FundGrade A+ Awards (where such Scotia ETF has been awarded a FundGrade A+ Award), provided that certain conditions are met; and
- (f) to exclude purchases and holdings by the Scotia ETFs of fixed income securities that qualify for, and may be traded pursuant to, the exemption from the registration requirements of the Securities Act of 1933, as amended (the “US Securities Act”), as set out in Rule 144A of the US Securities Act for resales of certain fixed income securities to “qualified institutional buyers” (as such term is defined in the US Securities Act) from consideration as an “illiquid asset” under NI 81-102, provided that certain conditions are met.

### **ADDITIONAL INFORMATION**

The Scotia ETFs are not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Indices and/or Index trade marks or the Index prices at any time or in any other respect. The Indices are calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Indices are calculated correctly. Irrespective of its obligations towards the Scotia ETFs or the Manager, Solactive AG has no obligation to point out

errors in the Indices to third parties including but not limited to investors and/or financial intermediaries of the ETFs. Neither publication of the Indices by Solactive AG nor the licensing of the Indices or Index trade marks for the purpose of use in connection with the Scotia ETFs constitutes a recommendation by Solactive AG to invest capital in said ETFs nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in these ETFs.

### **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase exchange traded mutual fund securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about each of the Scotia ETFs is, or will be, available in the following documents:

- (i) the most recently filed ETF Facts of the Scotia ETFs;
- (ii) the most recently filed comparative annual financial statements of the Scotia ETFs, together with the accompanying report of the auditors;
- (iii) any unaudited interim financial statements of the Scotia ETFs filed after the most recently filed comparative annual financial statements of the Scotia ETFs;
- (iv) the most recently filed annual MRFP of the Scotia ETFs; and
- (v) any interim MRFP of the Scotia ETFs filed after that most recently filed annual MRFP of the Scotia ETFs.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document.

These documents are available at no charge by calling 1-866-977-0477, or by asking your registered investment professional. Unitholders will also find these documents on the Manager's website at [www.scotiabank.com/ETF](http://www.scotiabank.com/ETF). These documents and other information about the Scotia ETFs are also available at [www.sedarplus.ca](http://www.sedarplus.ca).

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Scotia ETFs after the date of this prospectus and before the termination of the distribution of the Scotia ETFs are deemed to be incorporated by reference into this prospectus.

**CERTIFICATE OF THE SCOTIA ETFs, THE MANAGER AND PROMOTER**

Dated: September 29, 2023

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**1832 ASSET MANAGEMENT L.P.**

(as trustee, promoter and manager and on behalf of the Scotia ETFs)

(Signed) “*Neal Kerr*”

Neal Kerr  
President

(*Signing in the capacity of Chief  
Executive Officer*)

1832 Asset Management G.P. Inc., as  
general partner for and on behalf of  
1832 Asset Management L.P.

(Signed) “*Gregory Joseph*”

Gregory Joseph  
Chief Financial Officer

1832 Asset Management G.P. Inc., as  
general partner for and on behalf of  
1832 Asset Management L.P.

the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., as manager, trustee and promoter of the Scotia ETFs

(Signed) “*Jim Morris*”

Jim Morris  
Director

(Signed) “*John Pereira*”

John Pereira  
Director