

## Market Review

Global markets ended the year on firm footing, extending the rally that followed spring's sharp drawdown. Equities briefly entered correction territory in March amid tariff and recession fears but rebounded to new highs, led in the second half by surging cyclical sectors and stronger international markets. Fixed income posted modest gains as yields fell and policy easing came into clearer focus, while central banks extended the global easing cycle that began in 2024 with multiple rate cuts amid contained inflation and resilient credit markets. Gold rallied over 60% on strong demand from central banks, retail and institutional investors. Some of the key drivers include falling real bond yields, a weaker dollar, and sustained safe-haven demand. Oil was volatile and finished the year lower as rising supply and uneven global demand pressured prices.

## Performance Review

In the three months ending December 31, 2025, the Pool performed in line with its blended benchmark.

The North American Dividend Strategy also performed in line with its benchmark. Exposure to the Financials sector contributed to performance, driven mainly by Canadian bank holdings. Exposure to Information Technology detracted from performance as investor enthusiasm for artificial intelligence eased. Lack of exposure to the gold equities, which do not fit the Strategy's dividend-focused mandate, also detracted from performance.

In the International Dividend Strategy, which also performed in line with its benchmark, selection in the Information Technology sector was the largest contributor to performance. Individual contributors included Samsung Electronics Co. Ltd., DSV A/S, Stora Enso OYJ and Rio Tinto Ltd. Selection in the Financials sector detracted from performance, as did holdings in 3i Group PLC, Techtronic Industries Co. Ltd. and Scout24 SE.

The fixed income component outperformed its benchmark. Performance contributions came from the Active Core Strategy's allocation to corporate bonds and its selection of high-quality issuers, the Active Credit Strategy's defensive positioning and selective exposure to high-quality issuers, and the Tactical Bond Strategy's tactical duration positioning and use of derivatives.

## Performance (%)

As at December 31, 2025

	YTD	3 months	6 months	1 year	3 years	5 years	Since Inception	Inception Date
Series A	6.4	0.6	3.3	6.4	6.8	2.4	4.2	October 30, 2018
Series F	7.3	0.8	3.7	7.3	7.8	3.3	4.0	March 9, 2015
Benchmark*	8.6	0.8	4.7	8.6	9.1	3.7	5.1	—
Quartile Ranking	2	2	3	2	3	2	—	—
Number of funds in category	884	896	895	884	819	742	—	—

Series A and F performance is net of fees.

Morningstar Category: Global Fixed Income Balanced

\*70% FTSE Canada Universe Bond, 15% Solactive GBS Developed Markets ex North America Large & Mid Cap Index, 7.5% S&P/TSX Composite, 7.5% S&P 500 Index

Indices are not managed, and it is not possible to invest directly in an index.

As at December 31, 2025

## Positioning

There were no significant changes to the International Dividend Strategy's overall asset allocation. Cash was used to increase several holdings and ended the period at 0.2%.

The North American Dividend Strategy added new Health Care sector holdings and increased existing Financials and Energy holdings. Exposure to the Materials and Real Estate sectors was trimmed. These changes reduced the Strategy's cash position and it ended the period almost fully invested.

The Fixed Income component's overall stance remains defensive, emphasizing liquidity and strong fundamentals. The Core Strategy's positioning remained consistent throughout the quarter. Both the Active Credit Strategy and the Tactical Strategy increased their Canadian exposure and decreased their U.S. exposure.

## Asset allocation

% as of Dec 31, 2025

Corporate Bonds - CDN	27.5
Common Stocks-Foreign	15.0
Federal Govt Bonds - CDN	12.6
Provincial Govt Bonds - CDN	10.1
Foreign Bonds & Debentures	9.4
Common Stocks-CDN	9.1
Common Stocks-US	5.9
Cash, Short-Term Investments & Other Net Assets	4.7
Mutual Funds - Canadian Income	3.4
Mutual Funds - Foreign Income	1.2
Other	0.0

## Geographic allocation

% as of Dec 31, 2025

Canada	65.1
United States	14.7
Continental Europe	6.8
United Kingdom	3.1
Pacific	2.4
Japan	2.1
Emerging Markets	1.1

## Sector allocation

% as of Dec 31, 2025

Financials	8.7
Information Technology	5.1
Industrials	4.8
Consumer Discretionary	3.1
Energy	2.6
Materials	2.3
Health Care	0.9
Consumer Staples	0.8
Communication Services	0.8
Real Estate	0.6
Other	0.0

## Top equity holdings

% as of Dec 31, 2025

Royal Bank of Canada	0.8
Sampo OYJ, Series "A"	0.8
Samsung Electronics Co., Ltd.	0.8
Stora Enso OYJ, Series "R"	0.8
Techtronic Industries Company Limited	0.6
3i Group PLC	0.6
ITOCHU Corporation	0.6
Microsoft Corporation	0.6
NEC Corporation	0.6
DSV Panalpina A/S	0.5
<b>Total allocation in top holdings</b>	<b>6.7</b>

## Top bond holdings

% as of Dec 31, 2025

Canada Housing Trust, 3.600% Sep. 15 35	2.0
Dynamic Short Term Credit PLUS Fund, Series "O"	1.9
Canadian Government Bonds, 3.250%, Dec. 01 35	1.8
Province of Ontario, 2.90% Dec. 02 46	1.3
Government of Canada, 2.750% Dec. 01 55	1.1
Canadian Government Bonds, 2.750%, Sep. 01 30	1.1
Canada Housing Trust, 3.600% Sep. 15 35	1.1
Province of Ontario, 4.150% Jun. 02 34	0.9
Province of Quebec, 3.10% Dec. 01 51	0.9
Dynamic Active U.S. Discount Bond ETF	0.8
<b>Total allocation in top holdings</b>	<b>12.9</b>

# Dynamic Conservative Yield Private Pool Quarterly Commentary

As at December 31, 2025

## Active share<sup>1</sup>

% as of Dec 31, 2025

International Dividend	92.1
North American Dividend	64.1
Pool equity allocation	78.1

## Analytics (5 yrs)

% as of Dec 31, 2025

Upside capture	91.7
Down Capture Ratio	93.9
Best 3 months	7.9
Worst 3 months	-8.1
Standard deviation	6.7

<sup>1</sup>Holdings based analysis of each strategy representing the various investment styles, as of December 31, 2025 compared to the equity allocation benchmark of 1/3 S&P/TSX Composite Index, 1/3 S&P 500 Index (C\$), 1/3 MSCI World Index (C\$).

[dynamic.ca/PrivatePools](https://dynamic.ca/PrivatePools)

Series A units are available for purchase to all investors, while Series F units are only available to investors who participate in eligible fee-based or wrap programs with their registered dealers. Differences in performance between these series are primarily due to differences in management fees and fixed administration fees. Performance results for Series F units may also appear higher than for Series A units as the management fee does not include the trailing commission. Commissions, trailing commissions, management fees and expenses all may be associated with investments in pools. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in units value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Investments in pools are not guaranteed; their values change frequently and past performance may not be repeated. Views expressed regarding a particular company, security, industry or market sector are the views of the writer and should not be considered an indication of trading intent of any investment funds managed by 1832 Asset Management L.P. These views should not be considered investment advice nor should they be considered a recommendation to buy or sell. These views are subject to change at any time based upon markets and other conditions, and we disclaim any responsibility to update such views. The Morningstar quartile ranking reflects performance as of December 31, 2025 and is subject to change monthly. Morningstar is an independent organization that groups mutual funds with generally similar investment objectives for comparison purposes and ranks them on a historical basis. These rankings are broken into quarters or quartiles. Within a group, the top 25% (or quarter) of the funds are in the first quartile, the next 25% are in the second quartile, the next group in the third quartile, and the bottom 25% of funds with the poorest relative performance are in the fourth quartile. For more details on the calculation of Morningstar, see [www.morningstar.ca](http://www.morningstar.ca). Dynamic® is a registered trademark of The Bank of Nova Scotia, used under license by, and is a division of, 1832 Asset Management L.P. © Copyright 2026 The Bank of Nova Scotia. All rights reserved.