

Global stocks moved higher in the fourth quarter. For Canadian investors, shifts in currencies and commodities had a big impact on returns. Gold continued its rally and was followed by other precious-metals holdings given the current political uncertainty. The stronger Canadian dollar reduced gains from unhedged foreign investments and weaker oil prices weighed on energy stocks.

Equity leadership shifted away from U.S. based mega-cap growth stocks with performance coming from high-quality cyclicals and commodity-linked businesses. Canada outperformed most major markets and small cap stocks participated more meaningfully. International and emerging markets posted solid gains, while U.S. returns were softer once converted to Canadian dollars.

Fixed income was mixed. Canadian core bonds were roughly flat as longer duration lagged and shorter maturities held value. U.S. core benchmarks benefited from yields moving lower during the

quarter. Credit contributed positively as interest-rate volatility eased. Portfolios benefited most from a balanced mix of core bonds for stability and selective exposure to high-quality credit for income. Active positioning across maturities and sectors further supported risk management through broad diversification.

Positioning & outlook: Portfolio performance was positive overall, with more conservative, fixed-income-tilted portfolios benefiting the most from strong results in specialty bond strategies. On the equity side, the portfolios have a bias toward high-growth strategies which detracted this quarter, as more defensive areas of the market led. We remain constructive, maintaining a measured overweight to global equities diversified across regions.

Watch items for 2026: Sticky services inflation • central-bank paths • commodity cycles • foreign-exchange dynamics • geopolitics.

PORTFOLIO AND UNDERLYING FUND RETURNS (%) as of December 31, 2025

SERIES A, Net of Fees (underlying funds are not weighted)	3 MTHS	6 MTHS	1 YR	3 YRS	5 YRS	10 YRS	Since inception	Inception Date
DynamicEdge Defensive Portfolio	0.28%	3.07%	5.14%	6.07%	1.16%	2.39%	2.79%	2012-02-28
DynamicEdge Conservative Class Portfolio	0.52%	4.00%	6.53%	7.35%	2.53%	3.67%	4.18%	2012-02-28
DynamicEdge Balanced Income Portfolio	0.40%	4.33%	7.28%	8.18%	3.89%	4.36%	5.08%	2004-08-03
DynamicEdge Balanced Portfolio	0.44%	4.43%	7.11%	8.51%	3.04%	4.54%	4.75%	2008-02-19
DynamicEdge Balanced Growth Portfolio	1.30%	7.12%	11.11%	12.83%	6.32%	8.07%	7.81%	2008-02-15
DynamicEdge Growth Portfolio	0.97%	6.86%	9.92%	11.75%	5.08%	6.93%	6.24%	2008-02-19
DynamicEdge Equity Portfolio	1.96%	9.00%	12.81%	15.89%	8.38%	10.66%	9.54%	2008-02-15
FIXED INCOME								
Dynamic Total Return Bond Fund	-0.10%	1.75%	2.80%	3.49%	-1.29%	0.75%	1.72%	2010-08-31
Dynamic Canadian Bond Fund	-0.45%	0.87%	1.67%	3.80%	-1.08%	0.59%	6.30%	1979-08-31
Dynamic Corporate Bond Strategies Fund	-0.01%	2.01%	4.26%	6.19%	0.74%	1.97%	2.18%	2011-11-07
Dynamic Active Credit Strategies Private Pool	0.47%	2.49%	5.07%	7.03%	2.59%	--	3.37%	2018-10-30
Dynamic High Yield Bond Fund	0.68%	2.66%	5.27%	7.49%	3.04%	3.69%	2.61%	1995-12-01
EQUITIES								
Dynamic Dividend Fund	3.85%	8.79%	15.01%	12.21%	10.77%	9.51%	8.54%	1985-08-23
Dynamic Value Fund of Canada Fund	3.52%	11.64%	17.02%	14.51%	12.26%	8.09%	10.49%	1957-07-19
Dynamic Power Canadian Growth Fund	4.62%	16.78%	19.27%	25.20%	15.70%	10.61%	9.15%	1985-08-27
Dynamic Small Business Fund	-0.23%	5.94%	10.88%	7.71%	3.97%	5.53%	6.94%	1997-06-06
Dynamic Power Small Cap Fund	12.56%	23.89%	35.03%	14.35%	10.70%	9.84%	7.45%	1995-11-30
Dynamic Active U.S. Equity ETF	-0.46%	10.01%	10.70%	--	--	--	27.72%	2023-10-24
Dynamic Emerging Market Equity Fund	-0.87%	7.27%	16.42%	2.21%	--	--	-8.06%	2021-03-01
Dynamic Global Dividend Fund	-0.42%	5.16%	6.67%	11.28%	5.17%	8.58%	7.58%	2006-03-03
Dynamic Global Equity Fund	3.42%	10.47%	14.86%	11.90%	5.48%	7.95%	8.99%	2013-11-28
Dynamic Global Equity Income Fund	2.50%	6.43%	10.18%	12.11%	9.09%	--	7.43%	2016-08-31
Dynamic Power Global Growth Fund/Class	-5.74%	-1.08%	1.11%	15.83%	-4.62%	7.25%	7.63%	2007-07-19
ALTERNATIVES								
Dynamic Credit Absolute Return Fund	0.78%	2.16%	5.42%	4.99%	3.76%	3.29%	4.00%	2023-11-17
Dynamic Short Term Credit PLUS Fund	0.95%	3.46%	5.99%	9.26%	--	--	6.67%	2022-01-27
Dynamic Premium Yield PLUS Fund	2.45%	7.10%	11.54%	15.94%	13.22%	--	10.50%	2018-10-09
Dynamic Real Estate & Infra. Inc. II Fund	-0.81%	3.20%	12.08%	7.79%	5.23%	--	3.99%	2019-04-01

Source: Morningstar

FIXED INCOME

CONTRIBUTORS What worked

Canadian core bonds stabilized with short duration resilience, while U.S. core gained from yield declines. Selective credit strategies benefited from interest income and easing rate volatility, rewarding active curve/sector tilts.

Dynamic Short Term Credit PLUS Fund (ETF) led as the top fixed income contributor with interest earned on holding short-term corporate credit driving this result, specifically in the financials, real-estate securitized sleeves, energy infrastructure, and industrials sectors. Government exposure and holding cash were modest drags; the strategy remains CAD-centric, short-duration, and issuer-diversified all while focused on active security selection.

DETRACTORS What didn't work

Longer-duration Canadian bonds lagged other maturities. Passive, benchmark-tied strategies missed tactical shifts in credit/curve positioning, underperforming active approaches that leaned into shorter maturities and quality spread sectors.

Dynamic Canadian Bond Fund lagged as long-maturity federal and provincial bonds fell when yields rose late in the quarter. Shorter/intermediate bonds were steadier. Investment-grade corporates—especially financials, energy, and communications—added income but couldn't offset long-duration weakness. Positioning remains focused on liquid, core-duration to adjust term and sector exposure.

EQUITIES

Canadian large and small caps led, with international/EM adding gains and value/styles broadening participation. Managers favoring high-quality cyclicals, commodity exposure, and diversified regions captured performance outside U.S. mega-caps.

Dynamic Power Small Cap Fund led contributions within the Canadian equity sleeve. Results were driven by Materials strength, highlighted by Montage Gold, with support from select Consumer, Industrials, and Energy positions. Information Technology weighed, and some Financials and Healthcare holdings detracted. The portfolio remained Canada-centric and diversified to limit concentration.

Dynamic Global Equity Fund another top performer shined as stock selection within Information Technology and Communication Services, led by Samsung Electronics and Alphabet, drove results, with added lift from logistics names DSV and Kuehne+Nagel and from Materials including Stora Enso. Detractors included Industrials such as Techtronic Industries and Booz Allen Hamilton, along with Microsoft.

U.S.-heavy or growth-concentrated sleeves trailed in CAD terms amid muted returns. Defensive sectors and mega-cap tech underdelivered relative to Canada's leadership and broader risk-on rotation toward value/cyclicals.

Dynamic Power Global Growth Class was the lowest contributor across equities as Information Technology—especially higher-growth software and internet platforms—together with Communication Services and Consumer Discretionary tied to e-commerce and digital services lagged. Health Care, led by large-cap pharma and biotech, and parts of semiconductors and hardware helped; positioning remains U.S.-oriented around 77%, overweight Information Technology near 63%, with Health Care about 13%, and Financials near 10%.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. 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 security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. 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. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any funds managed by 1832 Asset Management L.P. These views are not to be considered as 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. 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.

dynamic.ca/edge