



DYNAMIC

LIVE

IN CONVERSATION

Dynamic Funds[®]
Invest with advice.



Fixed Income

The Odds Are In Your Favour

Domenic Bellissimo, MBA, CFA

Vice President & Portfolio Manager

Dynamic Funds[®]
Invest with advice.

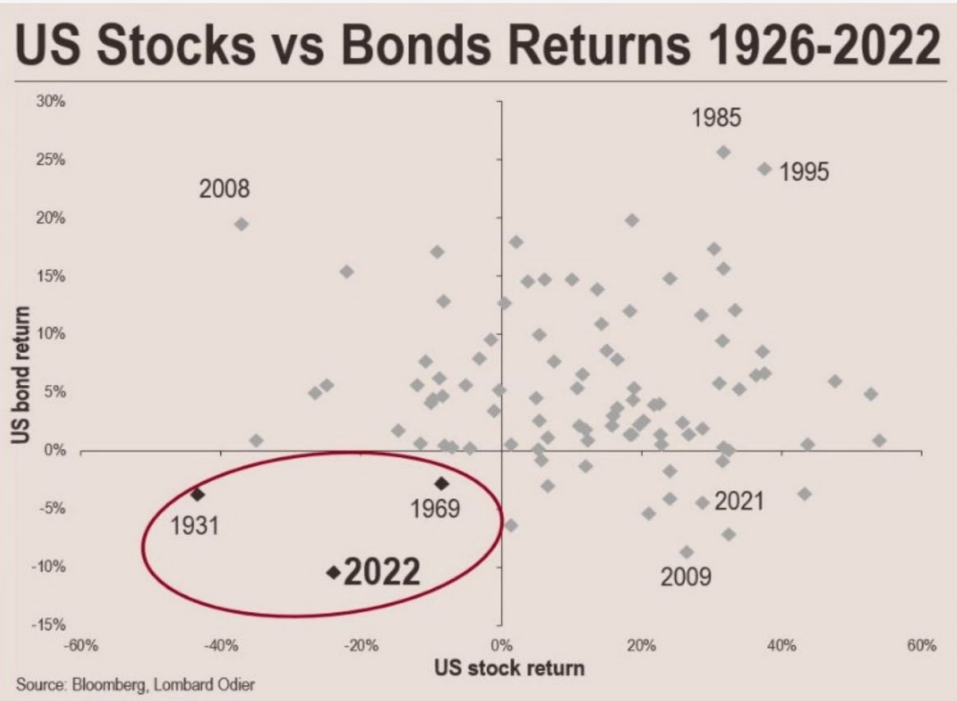
A decorative header featuring a blue dot pattern that creates a sense of depth and movement, resembling a tunnel or a series of concentric waves.

Fear + Dislocation = Opportunity

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Invest with advice.

2022 Was A Rare Occurrence For Markets

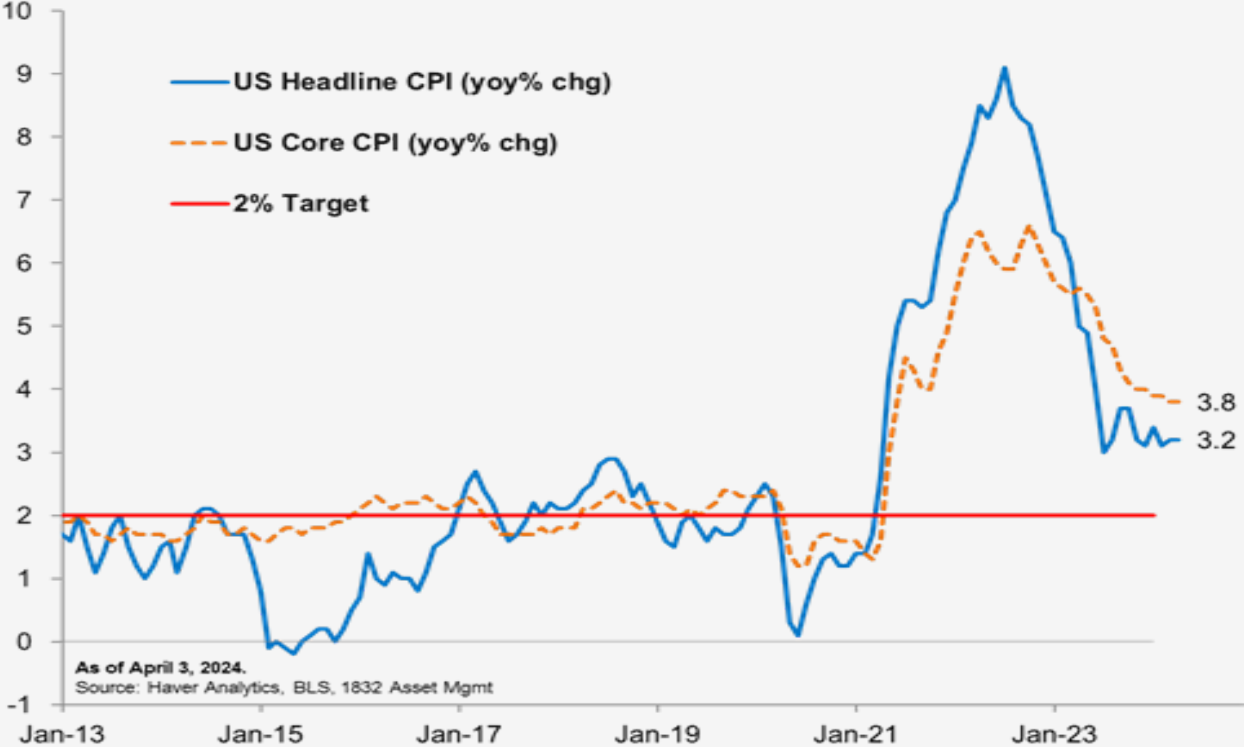
The Fear



Source: Bloomberg, Lombard Odier As of Dec. 31, 2022

A Rare Occurrence For Markets

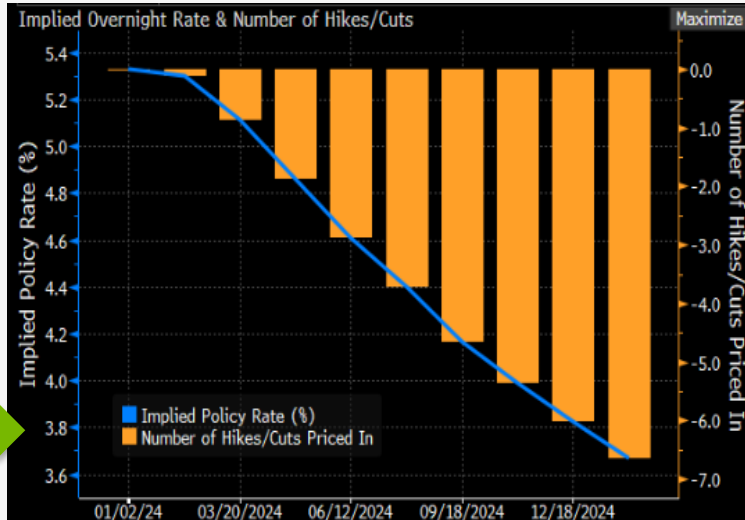
Inflation: Will It Come Down Enough?



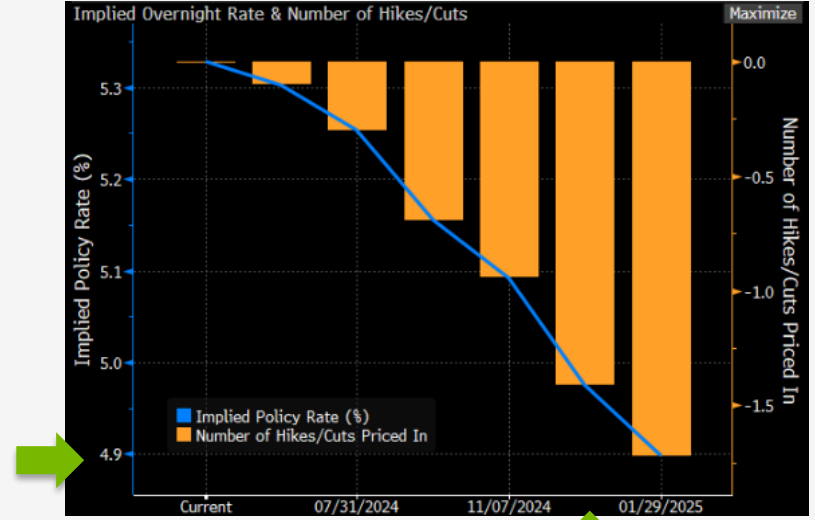
A Rare Occurrence For Markets

Rate Hikes: 500bps Later...

Jan. 2, 2024
Six Implied Policy Cuts



May 2, 2024
< One and a Half Implied Policy Cuts

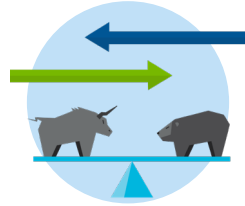


Higher Yields Are A Blessing Positive Impact In Each Market Scenario



BULL CASE

**Solid returns
on a hard landing**



NEUTRAL CASE

**Yield carry and
duration protection**

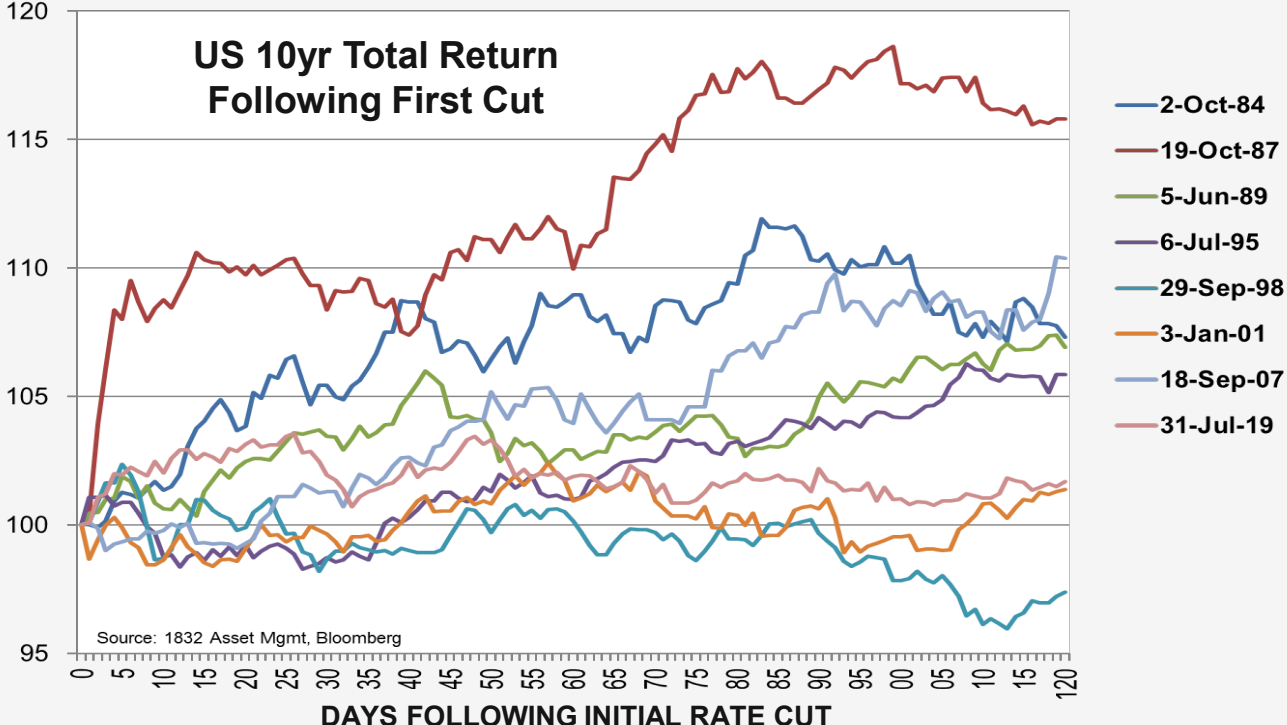


BEAR CASE

**Breakeven and duration
protection**

We Are Past The Worst

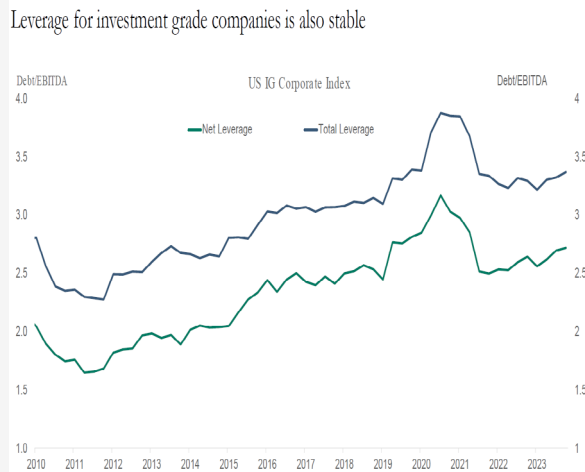
Hikes Have Stopped, Cuts Possible



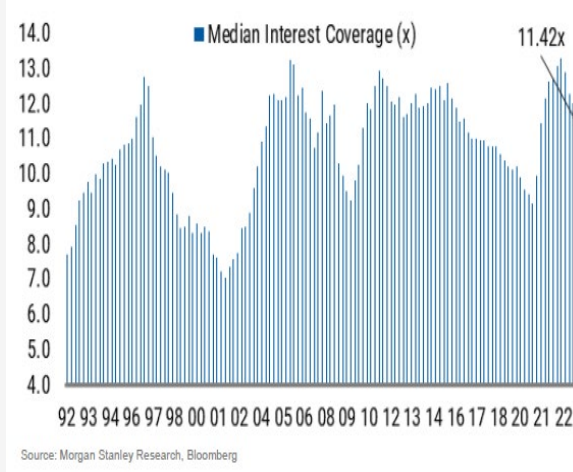
Source: 1832 Asset Mgmt, Bloomberg

Corporate Fundamentals Remain Solid

IG leverage

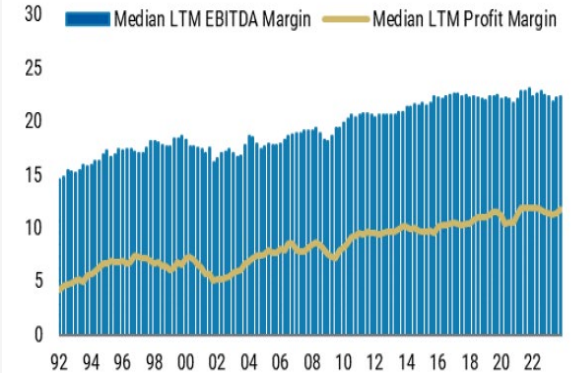


IG Interest Coverage



IG EBITDA and Profit Margins

Both LTM EBITDA and Profit Margins continued to improve in 4Q

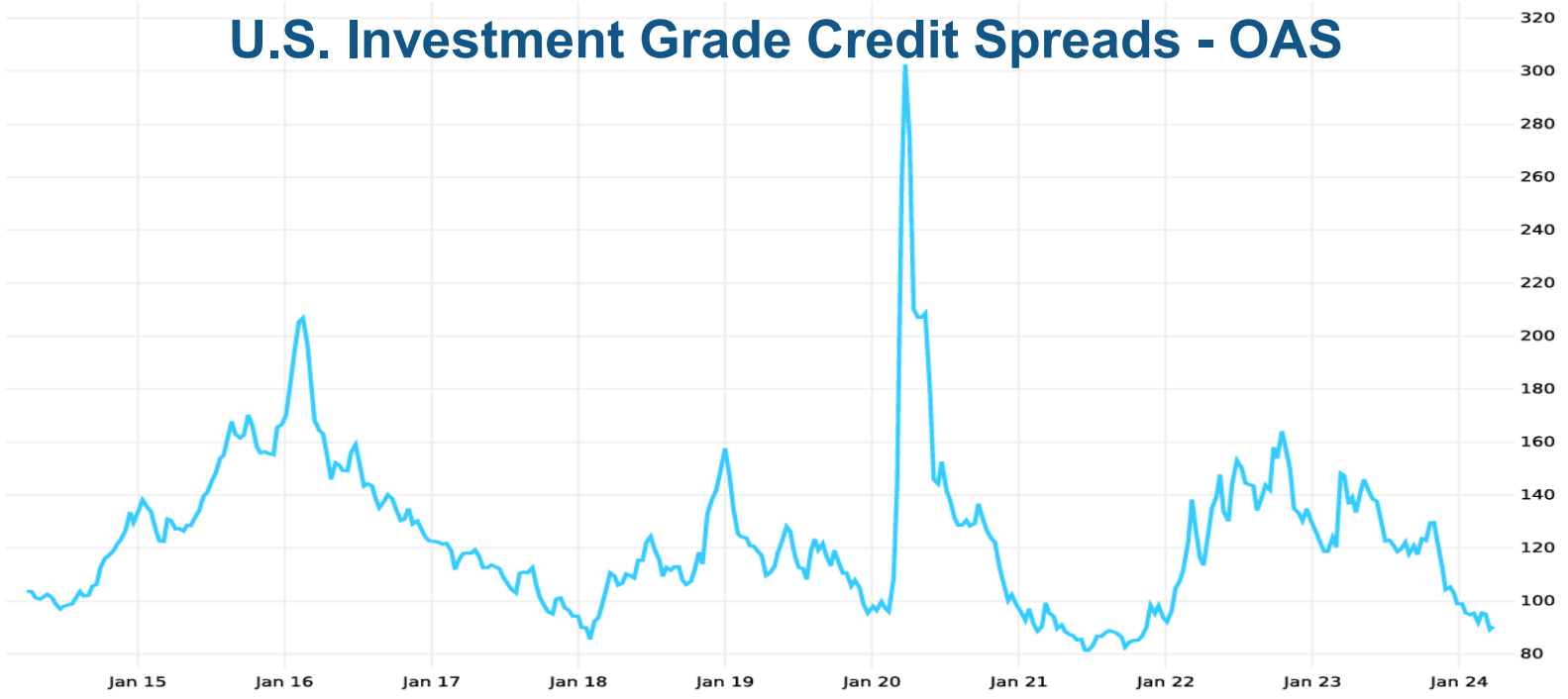


Source: Morgan Stanley Research, Bloomberg, Apollo Chief Economist

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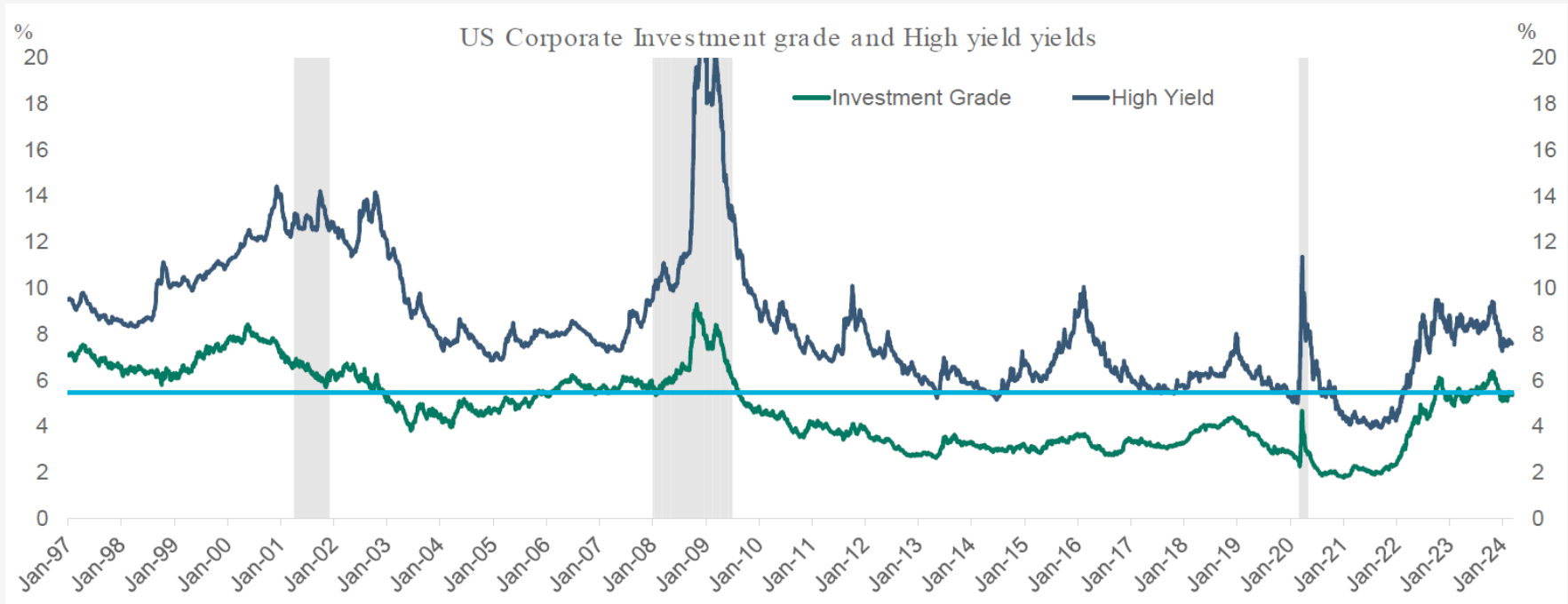
Corporate Valuations

Credit Spreads Have Tightened...



Source: Barclays, Mar. 31, 2024

Corporate Valuations ...But All-In Yield Attractive



Source: Bloomberg, Apollo Chief Economist

Corporate Valuations Consistent With Historic Markets



Source: ICE, Bloomberg

> +175
9% of the time

+125-175
35% of the time

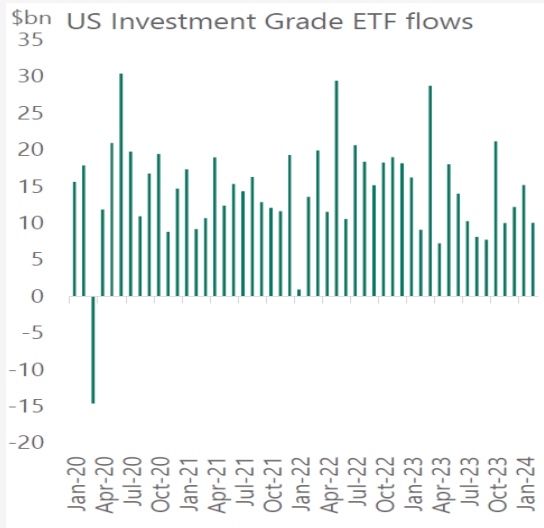
< +125
56% of the time

Below Current Level
51% of the time

Corporate Technicals

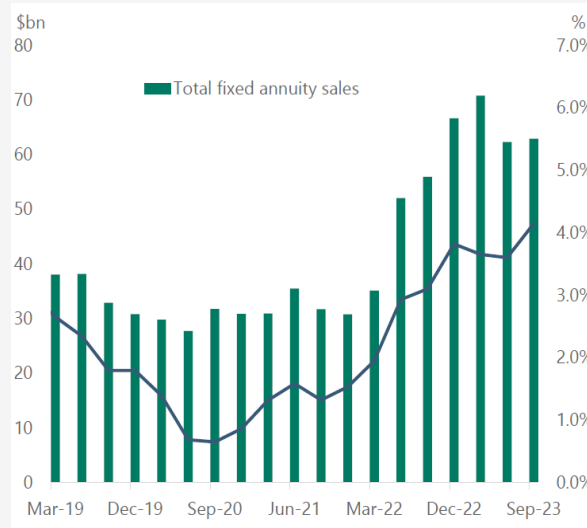
Strong Inflows To Credit And Manageable Maturities

Strong IG ETF Flows

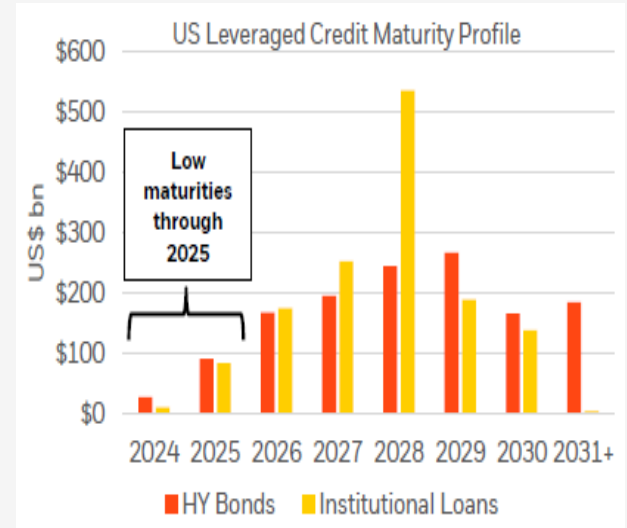


Source: Bloomberg, Apollo Chief Economist

Rising Fixed Annuity Sales



HY Issuers Are Terming Out Their Debt





How To Take Advantage?

It Starts With *Active*

Passive bond fund management is an oxymoron (or the case for the active management of bond funds)

Jaewon Choi

University of Illinois at Urbana-Champaign - Department of Finance; Yonsei University - School of Business

Martijn Cremers

University of Notre Dame; ECGI

Timothy B. Riley

University of Arkansas - Department of Finance

Date Written: October 11, 2021 Last revised: 9 Jan 2024



Download This Paper

Source: <https://ssrn.com/abstract=3557235>

Passive Investing

More Risks Than You Think



Fees + hidden fees (tracking error)



No market intelligence



No credit analysis

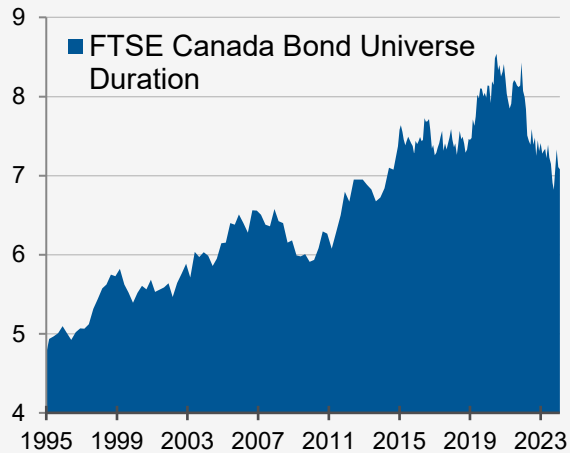


No active duration management

Fixed Income Indices

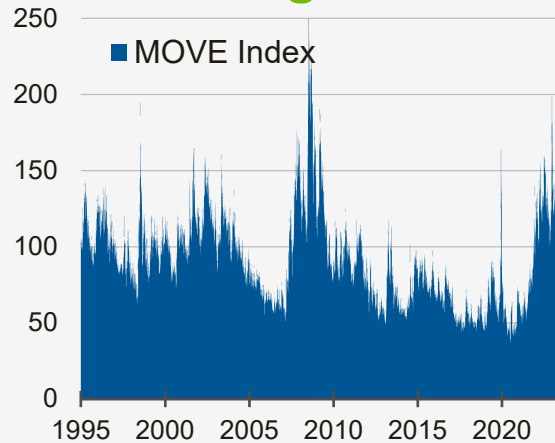
Traditional Benchmarks Are Poorly Constructed

Duration at Highs

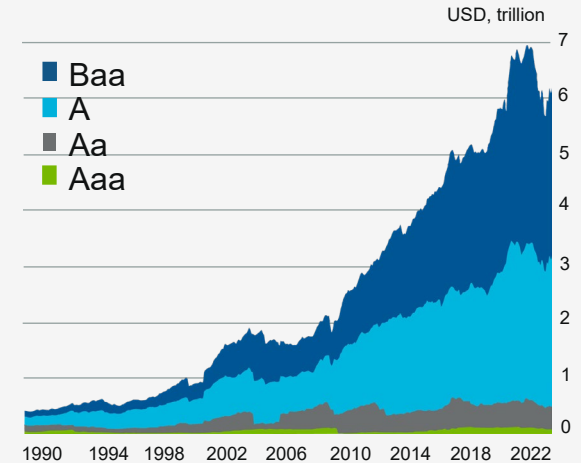


Source: PC Bond, Bloomberg, Feb. 29, 2024

Yield Volatility at Highs



Composition Changing



Source: Mizuho Securities, Apr. 30, 2023

GIC And Bond Ladder Limitations

Do They Meet Long-Term Goals?

GIC

DOES NOT PROVIDE BALLAST UPSIDE

GIC

NOT TAX EFFICIENT

LADDER

LIMITED CAPITAL GAINS

LADDER

CREDIT AND CURVE RISK EXPOSURE

LADDER

ADDITIONAL COSTS

Duration Management

Our Philosophy

**DELIVERING
ALPHA**

Capital gains with **steady income**

TRULY ACTIVE

Not typical 'active' bond fund

TACTICAL

Using **tools that passive won't**

Duration Management

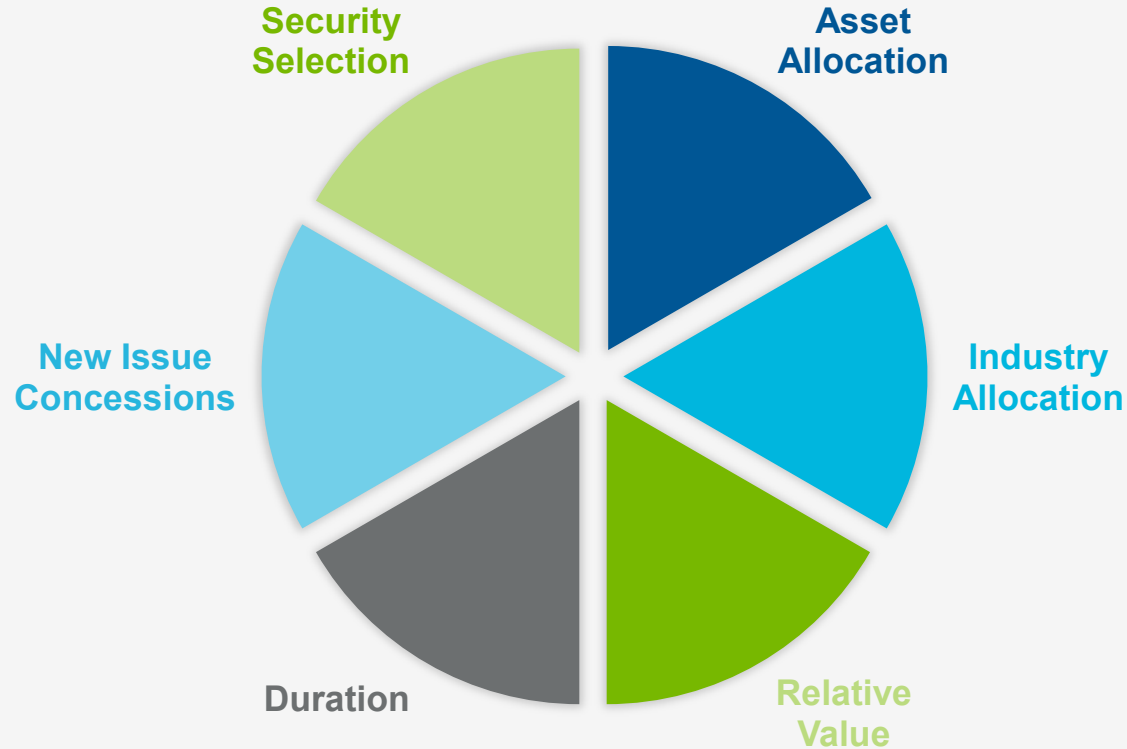
Tactical And Strategic



Short-Term → TACTICAL

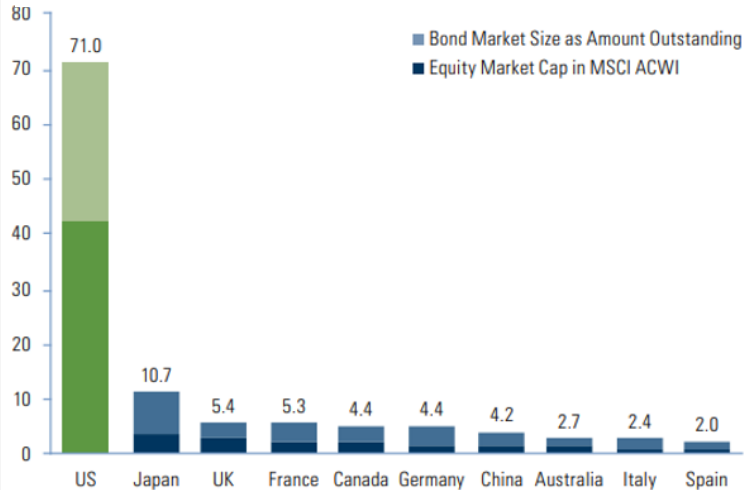
Medium/Long-Term → STRATEGIC

Credit Management Fundamentals + Valuations



Why You Need U.S. Credit

Top 10 Countries Ranked by Size of Bond and Equity Markets



Data as of December 31, 2023.

Note: Bond market cap represented by Bloomberg Aggregate and JP Morgan bond indices.

Source: Investment Strategy Group, Datastream, Bloomberg, JP Morgan.

BETTER DIVERSIFICATION



MORE OPPORTUNITIES

Reasons for Active Credit Management

Fundamentals And Valuations Matter

2016	2017	2018	2019	2020	2021	2022	2023
Energy (+7.1%)	Basic Industries (+1.6%)	REITs (+1.9%)	Telecoms (+4.2%)	Basic Industries (+3.7%)	Energy (+2.5%)	Energy (+1.5%)	Media/Entertainment (+2.5%)
Basic Industries (+5.8%)	Energy (+0.9%)	Telecoms (+1.6%)	Media/Entertainment (+2.2%)	Transportation (+2.2%)	REITs (+1.4%)	Technology (+0.8%)	Telecoms (+1.6%)
Media/Entertainment (+1.5%)	Insurance (+0.8%)	Yankee Banks (+0.9%)	Consumer (+0.7%)	Capital Goods (+2.2%)	Basic Industries (+0.7%)	Consumer (+0.8%)	Basic Industries (+1.3%)
Transportation (+0.7%)	Utilities (+0.7%)	Finance Companies (+0.9%)	Energy (+0.4%)	Finance Companies (+1.8%)	Automotive (+0.6%)	Capital Goods (+0.7%)	Energy (+1.0%)
Telecoms (+0.4%)	Media/Entertainment (+0.4%)	Technology (+0.7%)	Basic Industries (+0.2%)	Yankee Banks (+1.7%)	Capital Goods (+0.6%)	Healthcare/Pharma (+0.7%)	Transportation (+0.7%)
Insurance (-0.2%)	Healthcare/Pharma (+0.2%)	US Banks (+0.3%)	Insurance (-0.1%)	REITs (+1.3%)	Transportation (+0.4%)	Retail (+0.6%)	Technology (+0.4%)
Technology (-0.2%)	Finance Companies (+0.1%)	Insurance (+0.2%)	Healthcare/Pharma (-0.1%)	Automotive (+0.7%)	Finance Companies (+0.3%)	Transportation (+0.6%)	Consumer (+0.4%)
Utilities (-0.4%)	REITs (-0.0%)	Media/Entertainment (+0.2%)	US Banks (-0.2%)	US Banks (+0.6%)	Insurance (+0.2%)	Automotive (+0.2%)	Utilities (+0.1%)
Retail (-0.4%)	Telecoms (-0.0%)	Healthcare/Pharma (+0.0%)	Capital Goods (-0.4%)	Retail (+0.5%)	Telecoms (+0.0%)	Telecoms (+0.1%)	Insurance (-0.1%)
Consumer (-0.7%)	Transportation (-0.1%)	Retail (-0.2%)	Technology (-0.6%)	Healthcare/Pharma (+0.5%)	Consumer (-0.1%)	Utilities (-0.2%)	REITs (-0.1%)
REITs (-0.8%)	US Banks (-0.1%)	Transportation (-0.5%)	Utilities (-0.6%)	Consumer (+0.2%)	Healthcare/Pharma (-0.2%)	Basic Industries (-0.5%)	Capital Goods (-0.1%)
Capital Goods (-1.1%)	Yankee Banks (-0.3%)	Energy (-0.5%)	Retail (-0.7%)	Insurance (+0.1%)	Yankee Banks (-0.4%)	US Banks (-0.5%)	Healthcare/Pharma (-0.3%)
Healthcare/Pharma (-1.4%)	Technology (-0.3%)	Automotive (-0.8%)	Finance Companies (-0.8%)	Media/Entertainment (-0.3%)	Retail (-0.4%)	Finance Companies (-0.5%)	Finance Companies (-0.5%)
Automotive (-1.4%)	Automotive (-0.6%)	Basic Industries (-0.7%)	Yankee Banks (-0.8%)	Technology (-0.4%)	US Banks (-0.6%)	Yankee Banks (-0.6%)	Retail (-0.5%)
Finance Companies (-1.9%)	Consumer (-0.9%)	Consumer (-1.1%)	Automotive (-0.9%)	Utilities (-1.1%)	Utilities (-0.7%)	Insurance (-0.9%)	Yankee Banks (-0.6%)
US Banks (-1.9%)	Retail (-1.0%)	Capital Goods (-1.3%)	Transportation (-1.0%)	Telecoms (-2.4%)	Media/Entertainment (-0.7%)	REITs (-1.4%)	Automotive (-0.8%)
Yankee Banks (-2.3%)	Capital Goods (-1.3%)	Utilities (-1.6%)	REITs (-1.1%)	Energy (-5.4%)	Technology (-1.2%)	Media/Entertainment (-2.9%)	US Banks (-1.4%)
JULI ex-EM (+5.0%)	JULI ex-EM (+3.9%)	JULI ex-EM (-2.6%)	JULI ex-EM (+1.1%)	JULI ex-EM (-0.5%)	JULI ex-EM (+1.2%)	JULI ex-EM (-1.5%)	JULI ex-EM (+5.5%)

U.S. banks (largest single sector) often underperforms the index

ADVISOR USE ONLY Source: J.P. Morgan. Above figures are out/underperformance per Excess Returns vs overall JULI index, ex-EM. Below dashed line are underperforming sectors each year.

Reasons for Active Credit Management Fundamentals And Valuations Matter



Winners to Losers & Losers to Winners

ADVISOR USE ONLY Source: J.P. Morgan. Above figures are out/underperformance per Excess Returns vs overall JULI index, ex-EM. Below dashed line are underperforming sectors each year.

Why Active Investment Grade Management We Source Underrepresented Opportunities

53% of Issuers \leq 4bps of Index

You can be overdiversified

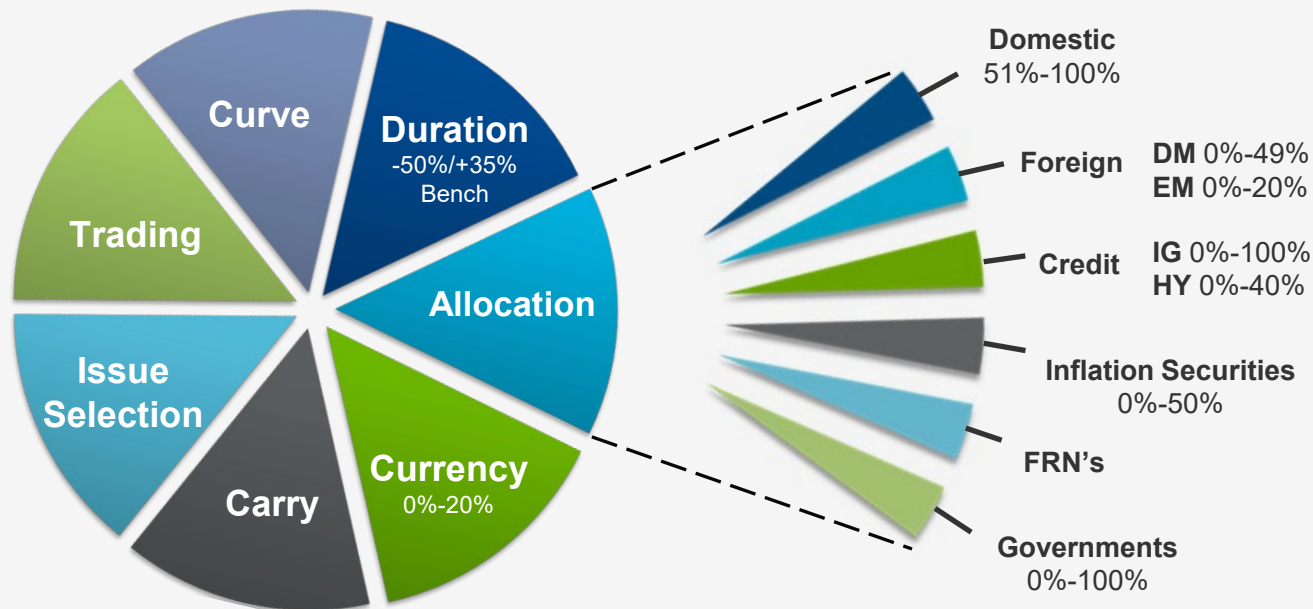


Dynamic Active Tactical Bond ETF (DXB)

Dynamic Funds[®]
Invest with advice.

Dynamic Active Tactical Bond ETF (DXB)

Levers We Use



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Market conditions may change, impacting the composition of a portfolio. 1832 Asset Management L.P. assumes no responsibility for any investment decisions made based on the information provided herein.

Dynamic Active Tactical Bond ETF (DXB)

Being Tactical – 10s30s Curve



Source: Bloomberg



Dynamic Short Term Credit PLUS Fund

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Invest with advice.

Simple Strategy

A Short Term Credit Fund With Leverage

- Focus on **short-term (≤ 5 year) North American investment grade corporates**
- Active **leverage (up to 3 times)** to increase returns

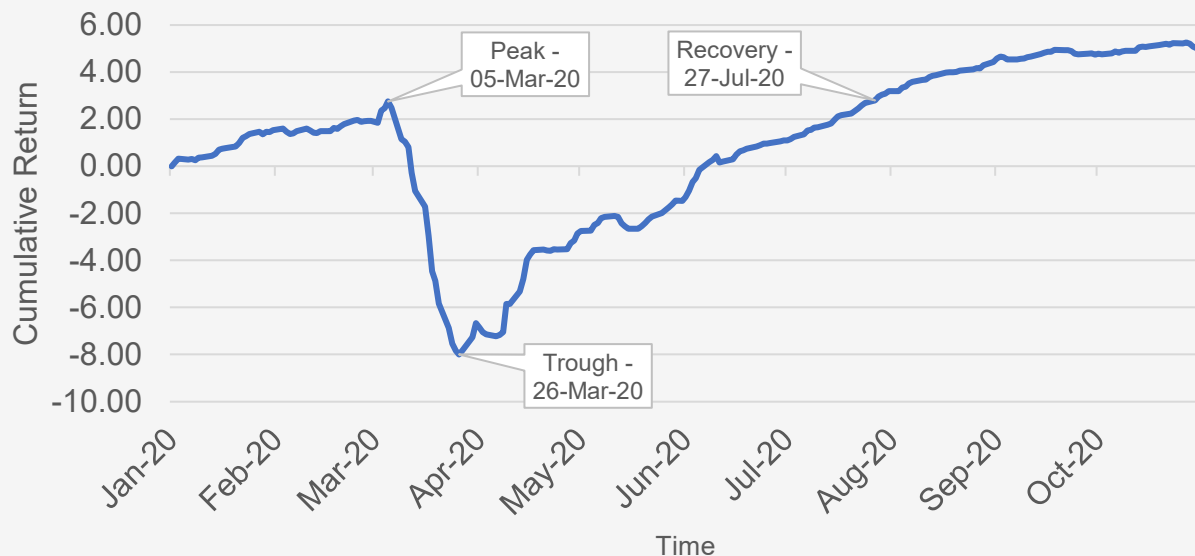
Take Advantage of Structural Benefits

Higher breakeven spread levels

Steepest credit curve roll-down

FTSE Canada Short Term Corp BBB Index 2x Levered Pandemic Drawdown – Quickly Eliminated

Pandemic: January 2020 - October 2020



Max Drawdown: 10.47%

Recovery From Trough in Months: 4

Source: Dynamic Funds

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Dynamic Short Term Credit PLUS Fund Margin of Safety vs. Government Yields



Source: Bloomberg
As of Apr. 3, 2024

ADVISOR USE ONLY

Dynamic Short Term Credit PLUS Fund

Margin of Safety vs. Credit Spreads



Source: Bloomberg
As of Apr. 3, 2024



Core Fixed Income Team

Core Fixed Income Team

Approx. \$52 Billion AUM



Romas Budd

VP & Senior Portfolio Manager
Co-Head Core Fixed Income Team



Derek Amery

VP & Senior Portfolio Manager
Co-Head Core Fixed Income Team

RATES TEAM



Kevin Pye

VP & Portfolio Manager



Rose Devli

Portfolio Manager



Phillippe Nolet

Portfolio Manager



Joseph Vecernik

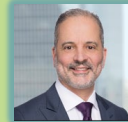
Assoc. Portfolio Manager



Bill Kim

Portfolio Manager

CREDIT TEAM



Domenic Bellissimo

VP & Portfolio Manager



Bill Girard

VP & Portfolio Manager



David Di Donato

Portfolio Manager



Bill Lytwynchuk

Portfolio Manager



Andrew Liu

Assoc. Portfolio Manager



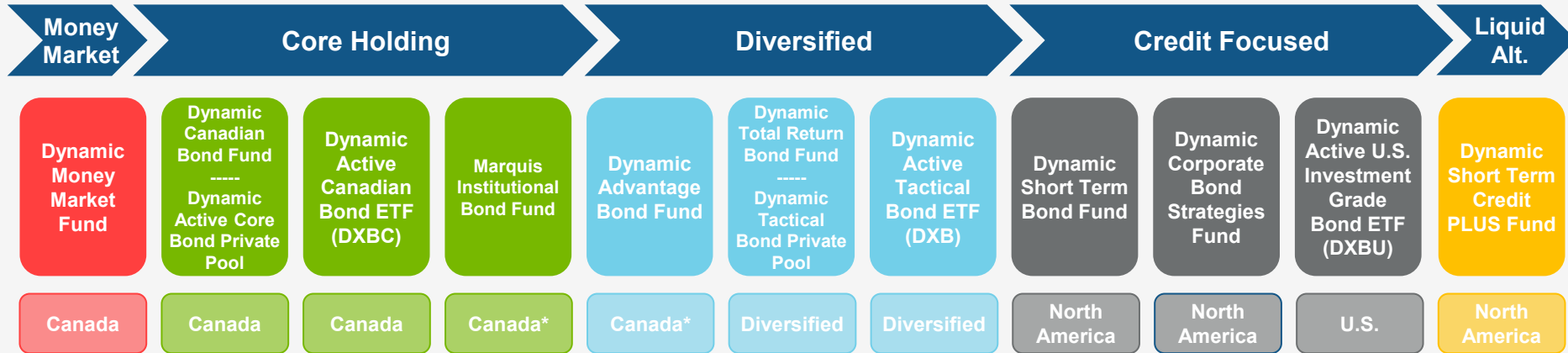
Tyler Kerr

Assoc. Portfolio Analyst



Dedicated Credit Research Team – Combined 125yrs Credit Research Experience

Core Fixed Income Lineup



*Global exposure through Payden & Rygel

2023 FundGrade A+ Award Winners

We are honoured to be the recipient of three 2023 FundGrade A+® Awards. These awards are presented by Fundata Canada Inc. to investment funds and their managers who have shown consistent, outstanding, risk-adjusted performance throughout the year.



2023 FundGrade A+ Awards	
Mutual Fund	Category
Dynamic Tactical Bond Private Pool	Canadian Fixed Income
Dynamic Active Tactical Bond ETF (DXB)	Canadian Fixed Income
Dynamic Advantage Bond Fund	Canadian Fixed Income

For more information about FundGrade A+ Awards visit: <https://dynamic.ca/en/company/media-centre/in-the-news/fundgrade-a-awards.html>

Fund Codes

	Ticker
Dynamic Active Tactical Bond ETF	DXB

	Series A FE	Series F NL
Dynamic Short Term Credit PLUS Fund	3127	3128

FundGrade A+ Disclaimer

FundGrade calculation is December 31, 2023.

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Performance for Dynamic Advantage Bond Fund for the period ended December 31, 2023 is as follows: -6.14% (1 year), -2.31% (3 years), 1.09% (5 years), 1.17% (10 years), and 1.96% since inception (November 2000).

Performance for Dynamic Active Tactical Bond ETF (DXB) Series A for the period ended December 31, 2023 is as follows: 7.89% (1 year), -2.32% (3 years), 1.28% (5 years), N/A (10 years), and 1.50% since inception (September 2017).

Performance for Dynamic Tactical Bond Private Pool Series A for the period ended December 31, 2023 is as follows: 5.75% (1 year), -3.60% (3 years), 0.05% (5 years), N/A (10 years), and 0.47% since inception (March 2015).

Important information

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Commissions, management fees and expenses all may be associated with mutual fund investments, including ETFs. Please read the prospectus before investing. Mutual funds and ETFs are not guaranteed, their values change frequently and past performance may not be repeated. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any investor that would have reduced returns.

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.

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