

IRC REPORT TO UNITHOLDERS

As at June 30, 2020

Dear Unitholder:

The members of the independent review committee (the “IRC”) of the mutual funds managed by 1832 Asset Management (the “Manager”) are pleased to submit our annual report to unitholders of the funds listed in Schedule “A” attached (collectively, the “Funds” or individually, the “Fund”) for the year ended June 30, 2020.

Securities regulators have given the IRC a mandate to review mutual fund conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the conflict of interest matter. The IRC’s focus is on the question of whether the Manager’s proposed action achieves a fair and reasonable result for the Funds.

At least annually, the IRC reviews and assesses the adequacy and effectiveness of the Manager’s policies and procedures relating to conflict of interest matters in respect of the Funds. The IRC also conducts annually a self-assessment of its independence, compensation and effectiveness.

The members of the IRC look forward to continuing to serve in the best interests of the Funds’ and working effectively and openly with the Manager.

“Carol S. Perry”

Carol S. Perry
Chair of the Independent Review Committee

IRC Member Biography
Date of Appointment and Length of Service

IRC Member	Date of Appointment	Length of Service
<i>Stephen Griggs</i>	<i>May 15, 2018</i>	<i>2 years, 1 month</i>
<p>Mr. Griggs is the Chief Executive Officer of Smoothwater Capital Corporation, a private investment company. Mr. Griggs is Executive Chair of TSX listed Genesis Land Development Corp. and Chair of the Board of Haventree Bank, a federally regulated bank controlled by Smoothwater. Mr. Griggs has also held senior executive positions with OPTrust, Legg Mason Canada Inc., and two leading Canadian mutual fund companies. Mr. Griggs also served for three years as Executive Director of the Canadian Coalition for Good Governance. Mr. Griggs was also a corporate/commercial and securities law partner with the Toronto law firm Smith Lyons (now Gowlings) until 1994 and remains a member of the Law Society of Ontario with a J.D. from the University of Toronto Law School. He has been an adjunct professor at Osgoode Hall Law School teaching in the area of corporate governance and lectures at the Directors College.</p>		
<i>Simon Hitzig</i>	<i>November 1, 2013</i>	<i>6 years, 8 months</i>
<p>Mr. Hitzig is the President & Chief Executive Officer of Toronto based Accord Financial Corp., a TSX-listed independent commercial finance company. Prior to joining Accord Financial Corp. Mr Hitzig joined Dynamic Funds™ in 1987 which was a part of DundeeWealth Inc. at the time. Over the span of two decades to 2009 Mr. Hitzig held executive positions in marketing, product development and distribution strategy. Mr. Hitzig completed his MBA at Georgetown University in Washington DC and has a BA from York University in Toronto.</p>		
<i>Heather Hunter</i>	<i>May 15, 2018</i>	<i>2 years, 1 month</i>
<p>Ms. Hunter has over 40 years of experience in the investment industry, most recently as Vice-President and Head of Canadian Equities at Invesco, a global investment manager from where she recently retired. Previously Ms. Hunter held senior positions at Ontario Teachers Pension Plan Board and Confederation Life. She served as a director of Maple Leaf Foods and of NexGen Financial Corporation. Ms. Hunter received a Queen's Diamond Jubilee medal in recognition of her contributions to Easter Seals of Ontario as a director and chair. She is a member of the University of Toronto Investment Advisory Committee, and of the Baycrest Foundation and Laidlaw Foundation investment committees. Ms. Hunter has an Honours BA from McGill University, an MBA from the University of Western Ontario, and a CFA.</p>		
<i>Carol S. Perry</i> <i>Chair of the IRC</i>	<i>November 1, 2011</i>	<i>8 years, 8 months</i>
<p>Ms. Perry is a corporate director. Previously, she was a Commissioner of the Ontario Securities Commission, and has served on adjudicative panels and acted as a director and Chair of its Governance and Nominating Committee. With over 20 years of experience in the financial services industry as an investment banker, Ms. Perry held senior positions with RBC Capital Markets, Richardson Greenshields of Canada Limited and CIBC World Markets and later founded MaxxCap Corporate Finance Inc., a financial advisory firm. Ms. Perry has a MBA from the University of Toronto, B. Eng. Sc. (Electrical) from the University of Western Ontario and is ICD.D accredited by the Institute of Corporate Directors.</p>		
<i>Jennifer Witterick</i>	<i>May 1, 2016</i>	<i>4 years, 2 months</i>
<p>Ms. Witterick has been active in the investment industry for 30 years. She was the Founder & CEO of Sky Investment Counsel and a partner at Foyston, Gordon & Payne and Hamlin Watsa Investment Counsel. Ms. Witterick is a past President of the CFA Society Toronto and a member of the Institute of Corporate Directors, holding the ICD. D designation. She is a CFA charter holder and a graduate of the University of Western Ontario. Currently, Ms. Witterick is an international bestselling author.</p>		

The IRC serves as the independent review committee of the Scotia Funds, the Scotia Private Pools and the Pinnacle Portfolios, Scotia ETFs, Dynamic Funds and Marquis Investment Program. Each member of the IRC is also a member of the Independent Review Committee for the pooled funds managed by Jarislowsky Fraser Limited, a subsidiary of the Bank of Nova Scotia. Furthermore, each member of the IRC also serves on the independent review committees for the MD Funds and MD PIM Pools and for the MD Pooled Funds which are managed by MD Financial Management Inc., a subsidiary of the Bank of Nova Scotia. Stephen Griggs also serves as a member of the Independent Review Committee of Tangerine Investment Management Inc., a subsidiary of the Bank of Nova Scotia. None of the members of the IRC serve as a member of an independent review committee for the investment funds managed by an investment fund manager not affiliated with the Bank of Nova Scotia.

Holdings

(a) Funds

As at June 30, 2020, the percentage of units of each class of each Fund beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 per cent.

(b) Manager

As at June 30, 2020, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of the Manager.

(c) Service Providers

As at June 30, 2020, the percentage of securities of each class or series of voting or equity securities of Bank of Nova Scotia or any other company or entity providing services to the Funds or the Manager beneficially owned, directly or indirectly, in aggregate, by all members of the IRC was less than 0.01%.

Compensation and Indemnities

The aggregate compensation paid by the Funds to the IRC for the Reporting Period was \$158,035.63. This amount was allocated amongst the Funds.

No indemnities were paid to the IRC by the Manager of the Funds during the Reporting Period.

At least annually, the IRC reviews its compensation, giving consideration to the following:

1. the best interests of the Funds;
2. industry best practices, including industry averages and surveys on IRC compensation;
3. the number, nature and complexity of the mutual funds for which the IRC acts;
4. the nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member; and
5. any recommendations concerning IRC compensation made by the Manager.

Conflict of Interest Matters

During the period July 1, 2019 to June 30, 2020 (the “Reporting Period”), the IRC considered conflict of interest matters that the Manager referred to it for its recommendation or, where applicable, its approval pursuant to its charter and in accordance with the requirements of the Canadian securities regulators for independent review committees of publicly offered mutual funds set forth in National Instrument 81-107 (“NI 81-107”). The IRC considers conflict of interest matters referred to it and makes recommendations to the Manager on whether or not the IRC believes the proposed actions of the Manager will achieve a fair and reasonable result for the applicable Funds. Where appropriate, the IRC gives the Manager standing instructions which 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.

The Manager has an obligation to report to the IRC any instance in which it acted in a conflict of interest matter but did not meet a condition imposed by the IRC through an approval or recommendation. The Manager is also required to notify the IRC if it proposes to act in a conflict of interest matter where the IRC did not provide a positive recommendation. As of the date of this report, the Manager has informed the IRC that it is not aware of any such instances. The IRC is required to advise the Canadian Securities regulators if it determines an action by the Manager was not made in accordance with its approval. No such reports to the regulators were required.

Approvals

As permitted by Canadian securities legislation, including NI 81-107 and exemptive relief granted by the Canadian securities regulators, during the Reporting Period, the IRC provided approval in the form of Standing Instructions and subject to terms and conditions for the Funds to:

1. ***Entering into a Prime Broker Agreement with a Related Party***, which provides approval for the Funds to enter into an agreement with a related party, including Scotia Capital Inc., to act as a prime broker for the Funds;
2. ***In-Specie Transactions***, which provides approval for the purchase or redemption of units or shares of a Fund in consideration for portfolio securities delivered to or delivered from the Fund, as opposed to cash considerations.
3. ***Inter-fund Trading***, which provides approval for the purchase of securities from or the sale of securities to, another Fund or pooled fund or segregated account managed by the Manager (also referred to as cross trading);
4. ***Principal Trading with a Related Party***, which provides approval for the purchase or sale of securities from or to the account of a related party, including Scotia Capital Inc., where the related party is acting for its own account on a principal basis;
5. ***Purchase, Holding and Sale of Securities of a Related Party***, which provides approval for the investment in both equity and debt securities of related issuers, including securities issued by The Bank of Nova Scotia; and
6. ***Purchase of Securities Underwritten by a Related Party***, which provides approval for the investment in securities of an issuer where a related party, including Scotia Capital

Inc., acts as an underwriter during the distribution of the securities and during the 60-day period following the completion of the distribution of such securities.

Recommendations

During the Reporting Period, the following are conflict of interest matters that have been identified by the Manager for the IRC to consider and for which the IRC has given positive recommendations in the form of Standing Instructions:

1. ***Acquisition of Securities of a Related Underlying Fund***, which provides the circumstances and criteria for making investments in other Funds managed by the Manager;
2. ***Agency Trading with a Related Party***, which provides the circumstances and trading terms under which commissions paid for by the Funds to a related party, including Scotia Capital Inc. in its capacity as broker to execute securities transactions;
3. ***Dual Employment***, which provides the circumstances and terms under which certain employees of the Manager maintain employment including directorships, outside of the Manager;
4. ***Entering into Over-the-Counter (“OTC”) Derivatives with a Related Party***, which provides the circumstances and trading terms under which commissions, spreads or other trading costs paid for by the Funds to a related party, including Scotia Capital Inc. in its capacity as broker or counterparty for entering into OTC derivative transactions;
5. ***Expense Allocation***, which provides how eligible operating expenses of the Funds are charged, allocated and recovered;
6. ***Employee Personal Trading***, which provides how personal trading of certain employees of the Manager are restricted and monitored;
7. ***Error Correction***, which provides how trading, valuation or other errors made within a Fund are identified and corrected;
8. ***Fair Allocation***, which provides how investment opportunities are allocated across the Funds;
9. ***Fair Valuation***, which provides how portfolio assets are valued for the purpose of calculating the net asset value of the Funds;
10. ***Gifts and Entertainment***, which provides guidelines regarding acceptance of gifts and entertainment by the Manager’s employees;
11. ***Large Transactions***, which provides the criteria for which the Manager negotiates the terms for large transactions with unitholders or shareholders;
12. ***Outsourcing to Related Parties***, which provides the circumstances and criteria under which services of the Funds are outsourced to a related party for a fee;

13. **Portfolio Advisor Oversight**, provides the criteria and process for the selection and monitoring of portfolio advisors, including external sub-advisors;
14. **Proxy Voting**, which provides the criteria and process in which proxies received by the Fund concerning a related party, including the Bank of Nova Scotia, are voted;
15. **Redemption of Fund Securities**, which provides the criteria and circumstances for which the Manager redeems units or shares of a Fund held for its own account, including seed capital investments;
16. **Short-Term Trading**, which provides the process to deter excessive trading by unitholders or shareholders in units or shares of the Funds;
17. **Soft Dollar Arrangements** which provides how eligible research and order execution services beneficial to the management of the Funds are obtained through commissions paid for by the Funds in connection with the execution of securities transactions; and
18. **Trading Foreign Exchange with a Related Party** which provides the circumstances and trading terms under which spreads or other trading costs paid for by the funds to a related party, including Scotia Capital Inc. in its capacity as broker for executing foreign exchange transactions.

By written resolution dated, January 23, 2020, the IRC approved an in specie subscription to the 1832 AM Investment Grade Canadian Corporate Bond Pool from the following Dynamic Mutual Funds: Dynamic Value Balanced Class, Dynamic Blue Chip Balanced Fund, Dynamic Value Balanced Fund, Marquis Institutional Bond Portfolio, Dynamic Strategic Yield Fund, Dynamic Strategic Yield Class Fund, Dynamic Dividend Income Fund, Dynamic Dividend Income Class, Dynamic Advantage Bond Fund, Dynamic Advantage Bond Class.

By written resolution dated March 11, 2020, the IRC provided a positive recommendation to the Manager's proposal to change the fund advisor of the Marquis Institutional Canadian Equity Portfolio from a third party sub-advisor to the Manager.

By written resolution dated March 11, 2020, the IRC approved transactions related to the planned launch of two mutual funds where Scotia Capital Inc., an affiliate of the Manager, will act as prime broker and the funds may wish to borrow from Scotia Capital Inc.

By written resolution dated, April 8, 2020, the IRC gave a positive recommendation for the unit consolidation of the Dynamic Energy Income Fund.

By written resolution dated June 3, 2020, the IRC rescinded the "Prohibited Investments" standing instruction and policy in response to the Manager's recommendation that the conflict of interest matter was appropriately addressed in other standing instructions and this standing instruction was no longer required.

By written resolution dated June 3, 2020, the IRC approved a new standing instruction "Entering into a Prime Broker Agreement with a Related Party" and reviewed its associated policy.

By written resolution dated June 3, 2020, the IRC approved a new standing instruction “Gifts and Entertainment” and reviewed its associated policy.

**Schedule “A”
The Funds**

DYNAMIC FUNDS

Dynamic Asia Pacific Equity Fund
Dynamic Blue Chip Balanced Fund
Dynamic Blue Chip Equity Fund
Dynamic European Equity Fund
Dynamic Global Balanced Fund
Dynamic Global Equity Fund
Dynamic International Equity Fund
Dynamic Dividend Fund
Dynamic Dividend Income Fund
Dynamic Equity Income Fund
Dynamic Global Equity Income Fund
Dynamic Global Strategic Yield Fund
Dynamic Small Business Fund
Dynamic Strategic Yield Fund
Dynamic U.S. Dividend Advantage Fund
Dynamic U.S. Equity Income Fund
Dynamic U.S. Monthly Income Fund
Dynamic U.S. Strategic Yield Fund
Dynamic Advantage Bond Fund
Dynamic Canadian Bond Fund
Dynamic Corporate Bond Strategies Fund
Dynamic Credit Spectrum Fund
Dynamic High Yield Bond Fund
Dynamic Investment Grade Floating Rate Fund
Dynamic Money Market Fund
Dynamic Short Term Bond Fund
Dynamic Total Return Bond Fund
Dynamic Power American Growth Fund
Dynamic Power Balanced Fund
Dynamic Power Canadian Growth Fund
Dynamic Power Global Growth Fund
Dynamic Power Small Cap Fund
Dynamic Alternative Yield Fund
Dynamic Diversified Real Asset Fund
Dynamic Dollar-Cost Averaging Fund
Dynamic Energy Income Fund
Dynamic Financial Services Fund
Dynamic Global All-Terrain Fund
Dynamic Global Infrastructure Fund
Dynamic Global Real Estate Fund
Dynamic Precious Metals Fund
Dynamic Premium Yield Fund
Dynamic American Fund
Dynamic Canadian Dividend Fund
Dynamic Dividend Advantage Fund
Dynamic Global Asset Allocation Fund
Dynamic Global Discovery Fund

Dynamic Global Dividend Fund
Dynamic Value Balanced Fund
Dynamic Value Fund of Canada
DynamicEdge Balanced Growth Portfolio
DynamicEdge Balanced Income Portfolio
DynamicEdge Balanced Portfolio
DynamicEdge Defensive Portfolio
DynamicEdge Equity Portfolio
DynamicEdge Growth Portfolio
Dynamic Dividend Income Class
Dynamic Strategic Yield Class
Dynamic Advantage Bond Class
Dynamic Corporate Bond Strategies Class
Dynamic Money Market Class
Dynamic Preferred Yield Class
Dynamic Total Return Bond Class
Dynamic Power American Growth Class
Dynamic Power Global Balanced Class
Dynamic Power Global Growth Class
Dynamic Power Global Navigator Class
Dynamic U.S. Balanced Class
Dynamic American Class
Dynamic Canadian Value Class
Dynamic Dividend Advantage Class
Dynamic Global Asset Allocation Class
Dynamic Global Discovery Class
Dynamic Global Dividend Class
Dynamic Value Balanced Class
Dynamic Alternative Yield Class
Dynamic Global Infrastructure Class
Dynamic Premium Yield Class
Dynamic Strategic Energy Class
Dynamic Strategic Gold Class
Dynamic Strategic Resource Class
Dynamic U.S. Sector Focus Class
DynamicEdge Balanced Class Portfolio
DynamicEdge Balanced Growth Class Portfolio
DynamicEdge Conservative Class Portfolio
DynamicEdge Equity Class Portfolio
DynamicEdge Growth Class Portfolio
DMP Power Global Growth Class
DMP Resource Class
DMP Value Balanced Class

DYNAMIC PRIVATE INVESTMENT POOLS

Dynamic Active Core Bond Private Pool
Dynamic Active Credit Strategies Private Pool
Dynamic Alternative Managed Risk Private Pool Class
Dynamic Asset Allocation Private Pool
Dynamic Canadian Equity Private Pool Class

Dynamic Conservative Yield Private Pool
Dynamic Conservative Yield Private Pool Class
Dynamic Global Equity Private Pool Class
Dynamic Global Yield Private Pool
Dynamic Global Yield Private Pool Class
Dynamic International Dividend Private Pool
Dynamic North American Dividend Private Pool
Dynamic Premium Bond Private Pool
Dynamic Premium Bond Private Pool Class
Dynamic Tactical Bond Private Pool
Dynamic U.S. Equity Private Pool Class

DYNAMIC ALTERNATIVE MUTUAL FUNDS

Dynamic Alpha Performance II Fund
Dynamic Credit Absolute Return II Fund
Dynamic Liquid Alternatives Private Pool
Dynamic Premium Yield PLUS Fund
Dynamic Real Estate & Infrastructure Income II Fund

MARQUIS INVESTMENT PROGRAM

Marquis Institutional Balanced Portfolio
Marquis Institutional Balanced Growth Portfolio
Marquis Institutional Growth Portfolio
Marquis Institutional Equity Portfolio
Marquis Institutional Canadian Equity Portfolio
Marquis Institutional Global Equity Portfolio
Marquis Institutional Bond Portfolio
Marquis Balanced Portfolio
Marquis Balanced Class Portfolio
Marquis Balanced Growth Portfolio
Marquis Balanced Growth Class Portfolio
Marquis Growth Portfolio
Marquis Equity Portfolio
Marquis Balanced Income Portfolio