

IRC REPORT TO UNITHOLDERS

As at June 30, 2016

Dear Unitholder:

The members of the independent review committee (“IRC”) of the mutual funds managed by 1832 Asset Management (“the “Manager”) are pleased to provide you with our annual report to unitholders. The information contained in this report covers the period beginning July 1, 2015 and ending June 30, 2016 (the “Reporting Period”).

Securities regulators in Canada have given IRCs a mandate to review conflict of interest matters identified and referred to them by mutual fund managers, such as 1832 Asset Management. Once identified, a mutual fund manager must present its conflict of interest matters to the IRC for either approval or recommendation, depending on the conflict of interest matter.

At least annually, the IRC reviews and assesses the adequacy and effectiveness of 1832 Asset Management’s policies and procedures relating to conflict of interest matters in respect of the funds listed in Schedule “A” attached (collectively, the “Funds” or individually, the “Fund”). The IRC also conducts a self-assessment of its independence, compensation and effectiveness.

On April 30, 2016 Rob Bell retired from the IRC after 9 years of service. The IRC thanks Mr. Bell for all his efforts and contributions including serving as Chair of the Scotia Funds IRC. We were pleased to welcome Jennifer Witterick as a member of the IRC effective May 1, 2016

The members of the IRC look forward to continuing to serve the best interests of the Funds’ unitholders and working effectively and openly with 1832 Asset Management.

“Carol S. Perry”

Carol S. Perry
Chair of the Independent Review Committee

The IRC serves as the independent review committee of the Scotia Funds, the Scotia Private Pools and the Pinnacle Portfolios, Dynamic Funds and Marquis Investment Program.. Messrs. Robert S. Bell and D. Murray Paton were appointed to the IRC on May 1, 2007. Ms. Carol S. Perry was appointed to the IRC in November 2011 and Messrs. Brahm Gelfand and Simon Hitzig were appointed to the IRC on November 1, 2013. Jennifer Witterick joined the IRC on May 1, 2016.

Members of the IRC	Residence	Length of Service on IRC
Carol S. Perry Chair of the IRC	Toronto, Ontario	4 years, 7 months
Robert S. Bell *	Toronto, Ontario	9 years, 0 months
Brahm Gelfand	Montreal, Quebec	2 years 8 months
Simon Hitzig	Toronto, Ontario	2 years 8 months
D. Murray Paton	Niagara-on-the-Lake, Ontario	9 years, 2 months
Jennifer Witterick	Toronto, Ontario	0 years, 2 months

*On April 30, 2016 Rob Bell retired from the IRC after 9 years of service.

(a) Funds

As at June 30, 2016, 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, 2016, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of 1832 Asset Management.

(c) Service Providers

As at June 30, 2016, members of the IRC beneficially owned, directly or indirectly, a class or series of voting or equity securities of a service provider to the Funds or 1832 Asset Management, in addition to the Bank of Nova Scotia. As at June 30, 2016, the percentage of units of each class or series of voting or equity securities of the service provider and the Bank of Nova Scotia beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 0.1 per cent.

Compensation and Indemnities

The aggregate compensation paid by the Funds to the IRC for the Reporting Period was \$149,750. 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; and
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.

Conflict of Interest Matters

During the period July 1, 2015 to June 30, 2016, the IRC considered conflict of interest matters that 1832 Asset Management 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 1832 Asset Management on whether or not the IRC believes the proposed actions of 1832 Asset Management will achieve a fair and reasonable result for the applicable Funds. Where appropriate, the IRC gives 1832 Asset Management standing instructions which enable 1832 Asset Management to act in a particular conflict of interest matter on a continuing basis provided 1832 Asset Management complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter.

The IRC is not aware of any instance in which 1832 Asset Management acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation. 1832 Asset Management has an obligation to notify the IRC of all such instances.

1832 Asset Management 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. As of the date of this report, 1832 Asset Management has informed the IRC that it is not aware of any such instances.

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 for the Funds, subject to terms and conditions, to:

1. invest in or hold securities of related issuers, including securities issued by The Bank of Nova Scotia;
2. invest in securities of an issuer where a related party, including Scotia Capital Inc., acts as an underwriter during the distribution of the securities or at any time during the 60-day period following the completion of the distribution of such securities;
3. purchase securities from a related party where the related party is acting as principal;
4. purchase securities from, or sell securities to, another investment fund managed by 1832 Asset Management (referred to as “inter-fund trades”); an

5. purchase and redeem units of a Fund in specie from or to an account managed by 1832 Asset Management.

Recommendations

During the Reporting Period, 1832 Asset Management received positive recommendations from the IRC with respect to the following conflict of interest matters:

1. Acquisition of Securities of a Related Underlying Fund
2. Expense Recovery
3. Dual Employment
4. Error Correction
5. Fund Valuation
6. In Specie Purchases and Redemptions
7. Inter Fund Trading
8. Large Transactions/Investors
9. New Funds
10. Outsourcing to Related Parties
11. Purchases of Securities Underwritten by an Entity related to SAM or a Portfolio Advisor
12. Portfolio Advisor Selection, Monitoring and Oversight
13. Principal Trading in Securities with a Related Party
14. Prohibited Investment
15. Purchasing, Holding and Sale of Securities of a Related Party
16. Redemption of Fund Securities
17. Trading Spot Foreign Exchange with a Related Party
18. Employee Personal Trading
19. Proxy Voting
20. Soft Dollar Arrangements
21. Securities Lending Policy
22. Fair Allocation of Investment Opportunities
23. Entering Into OTC Derivatives with a Related Counterparty
24. Agency Trading in Securities with a Related Party

Schedule “A”
The Funds

Dynamic Blue Chip Balanced Fund
Dynamic Blue Chip Equity Fund
Dynamic Global Balanced Fund
Dynamic Global Equity Fund
Dynamic Dividend Fund
Dynamic Dividend Income Fund
Dynamic Equity Income Fund
Dynamic Small Business Fund
Dynamic 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 Strategic Bond Fund
Dynamic Power American Currency Neutral 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 Infrastructure Fund
Dynamic Global Real Estate Fund
Dynamic Precious Metals Fund
Dynamic Premium Yield Fund
Dynamic Resource Fund
Dynamic Strategic Growth Portfolio
Dynamic Strategic Income Portfolio
Dynamic American Value Fund
Dynamic Canadian Dividend Fund
Dynamic Dividend Advantage Fund
Dynamic European Value Fund
Dynamic Far East Value Fund
Dynamic Global Asset Allocation Fund
Dynamic Global Discovery Fund
Dynamic Global Dividend Fund
Dynamic Global Value Fund
Dynamic U.S. Dividend Advantage Fund
Dynamic U.S. Monthly Income Fund
Dynamic Value Balanced Fund

Dynamic Value Fund of Canada
DynamicEdge Balanced Growth Portfolio
DynamicEdge Balanced Portfolio
DynamicEdge Defensive Portfolio
DynamicEdge Equity Portfolio
DynamicEdge Growth Portfolio
Dynamic Aurion Total Return Bond Fund
Dynamic Blue Chip U.S. Balanced Class
Dynamic Dividend Income Class
Dynamic Preferred Yield Class
Dynamic Strategic Yield Class
Dynamic Advantage Bond Class
Dynamic Corporate Bond Strategies Class
Dynamic Money Market Class
Dynamic Power American Growth Class
Dynamic Power Balanced Class
Dynamic Power Canadian Growth Class
Dynamic Power Global Balanced Class
Dynamic Power Global Growth Class
Dynamic Power Global Navigator Class
Dynamic Power Dividend Growth Class
Dynamic American Value Class
Dynamic Canadian Value Class
Dynamic Dividend Advantage Class
Dynamic EAFE Value Class
Dynamic Emerging Markets Class
Dynamic Global Asset Allocation Class
Dynamic Global Discovery Class
Dynamic Global Dividend Class
Dynamic Global Value Class
Dynamic Canadian Asset Allocation Class (formerly Dynamic Income Growth Opportunities Class)
Dynamic Value Balanced Class
Dynamic Alternative 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
Dynamic Aurion Tactical Balanced Class
Dynamic Aurion Total Return Bond Class
DMP Power Global Growth Class
DMP Resource Class
DMP Value Balanced Class
Dynamic Active Core Bond Private Pool
Dynamic Active Credit Strategies Private Pool
Dynamic Alternative Investments Private Pool Class
Dynamic Asset Allocation Private Pool

Dynamic Canadian Equity Private Pool Class
Dynamic Global Equity Private Pool Class
Dynamic Global Yield Private Pool
Dynamic Global Yield Private Pool Class
Dynamic U.S. Equity Private Pool Class
Dynamic Conservative Yield Private Pool
Dynamic Conservative Yield Private Pool Class
Dynamic International Dividend Private Pool
Dynamic North American Dividend Private Pool
Dynamic Tactical Bond Private Pool
Dynamic Premium Bond Private Pool
Dynamic Premium Bond Private Pool Class
Dynamic Emerging Markets Fund
Dynamic Global Infrastructure Class
Dynamic Global All-Terrain Fund
Dynamic Premium Yield Class
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