Scotia Canadian Dividend Fund - Series A
Canadian Dividend & Income Equity

Investment Objective
The fund’s objective is to earn a high level of dividend income with some potential for long-term capital growth. It invests primarily in dividend paying common shares and in a broad range of preferred shares, such as floating rate, convertible and retractable preferred shares of Canadian companies.

Reasons for Investing
- The fund invests in higher quality dividend paying companies located primarily in Canada.
- By investing in the fund, investors are also investing in the experience and expertise of the fund’s portfolio advisor.
- For non-registered accounts, maximize after-tax income by taking advantage of the Canadian dividend tax credit.

FUND ESSENTIALS
Inception Date: October 28, 1992
Total Assets: 4,006.25
Min. Initial Inv. ($): 500
Min. Additional Inv. ($): 25
Income Distribution: Quarterly
Capital Distribution: Annually
MER % (as of 12/31/2015): 1.73
NAV $: 56.25
Benchmark: 100% S&P/TSX Composite Index

PERFORMANCE & PORTFOLIO ANALYSIS

Market Cap (%)
- Mega (> $3B): 50.0
- Large ($5.7B - $3B): 49.6
- Medium ($850M - $5.7B): 0.4
- Small ($220M - $850M): 0.0
- Micro (< $220M): 0.0

Top 10 Holdings
- Toronto-Dominion Bank: 4.2
- TransCanada Corporation: 3.9
- Royal Bank of Canada: 3.9
- Bank of Nova Scotia: 3.9
- Canadian Imperial Bank of Commerce: 2.9
- Verizon Communications Inc.: 2.9
- McDonald’s Corp.: 2.7
- Canadian National Railway Company: 2.6
- Canadian Pacific Railway Ltd.: 2.6
- Johnson & Johnson: 2.6

Total: 32.1

Risk Rating
LOW
MEDIUM
HIGH
Time Horizon: Long

Total Portfolio Holdings
- Stock Holdings: 47
- Bond Holdings: 0
- Other Holdings: 1
- Total Number of Underlying Holdings: 48

PerFORMANCE & PORTFOLIO ANALYSIS

Growth of $10,000

Composition (%)
- Cash: 11.2
- Canadian Equity: 60.1
- U.S. Equity: 28.7

Portfolio Manager(s)
Jason Gibbs
1832 Asset Management L.P.

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30-25 ADV

1 All advisor series funds are closed to new investment effective June 25, 2015.
Global equity markets managed to push into positive territory after a quarter-end bout of volatility resulting from Britain’s decision to leave the European Union. The U.K. referendum remained a central concern throughout the period and, following the unexpected outcome of the vote, led to elevated levels of volatility in financial markets, especially in Europe. Amid this uncertainty and mixed economic data, Canada was one of the top performing markets over the period led higher by materials and energy, as commodity prices strengthened, as well as utilities and telecommunication services. The U.S. equity market posted moderate gains. Energy was the top performing sector, along with telecommunications services and utilities, both defensive sectors which picked up as the chances that U.S. interest rates would be increased diminished.

The Fund’s cash weighting moved slightly higher over the period as the Fund trimmed equity exposure in Canada. The U.S. allocation saw a modest increase. Canadian holdings were the top contributor to performance, with U.S. holdings also having a positive impact. At the sector level, financials (which includes real estate) and energy (which includes energy infrastructure) remain the largest allocations. The Fund remained underweight materials, a sector made up on non-dividend paying companies. Within Canada, the financials weighting was reduced over the quarter. In the U.S., the Fund added to consumer staples and health care while trimming the consumer discretionary and utilities weightings. From a performance perspective energy infrastructure and health care, held in U.S. names, were the top contributors to returns. Consumer discretionary and consumer staples names were the main detractors. At a security level, the top contributors were TransCanada Corporation, Pfizer and Johnson & Johnson, while notable detractors included Magna International and Power Corporation of Canada.

The large valuation gap between the best dividend paying stocks and the risk-free alternatives remains in place. We will continue to focus on investing in quality dividend paying businesses that have strong balance sheets, display growing cash flow and are run by proven management teams. The investment “stew” is a key consideration in constructing a portfolio with a healthy mix or balance needed. In positioning the portfolio we have representation across all major industries with a focus on investing in best-in-class businesses with sustainable cash flows among dividend paying equities and infrastructure companies globally. Jason has 15 years of industry experience. He received his Bachelor of Accounting from Brock University and holds the Chartered Accountant and Chartered Financial Analyst designations.

Manager Bio

Jason Gibbs joined 1832 Asset Management L.P. in 2002 as an analyst and became a portfolio manager in 2007. He is a member of the award-winning Equity Income team and focuses on investing in best-in-class businesses with sustainable cash flows among dividend paying equities and infrastructure companies globally. Jason has 15 years of industry experience. He received his Bachelor of Accounting from Brock University and holds the Chartered Accountant and Chartered Financial Analyst designations.

Quarterly Commentary
As of June 30, 2016

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Fund prices are provided for information purposes only. All information pertains to Series A units of the fund unless stated otherwise. Units of the fund are only available for sale to residents of Canada, unless the laws of a foreign jurisdiction permit sales to its residents. Please contact your financial advisor for more details. The contents of this document should not be considered an offer to sell to, or a solicitation to buy mutual fund units from, any person in a jurisdiction where such offer or solicitation is considered unlawful.

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1832 Asset Management L.P., as Manager of the ScotiaFunds, may compensate its staff and any appointed sub-distributor by regular payments based on the net asset value (NAV) of units held by investors. For further details, please refer to the Simplified Prospectus.