

The Art of Investing in Durable Growth Businesses

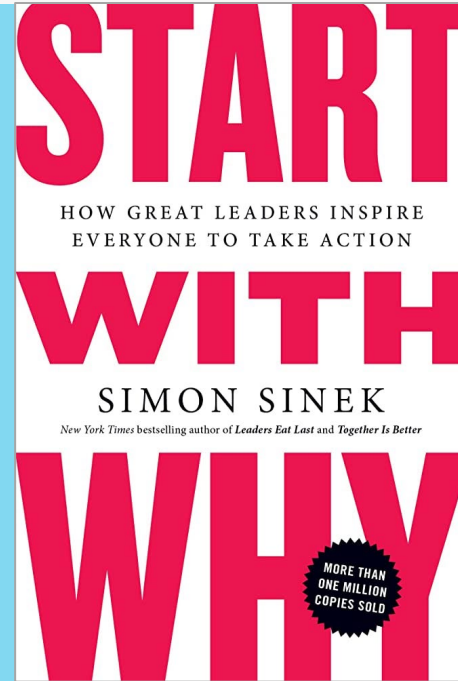
Lloyd Perruzza,
VP National Accounts & Managed Assets

October 2023

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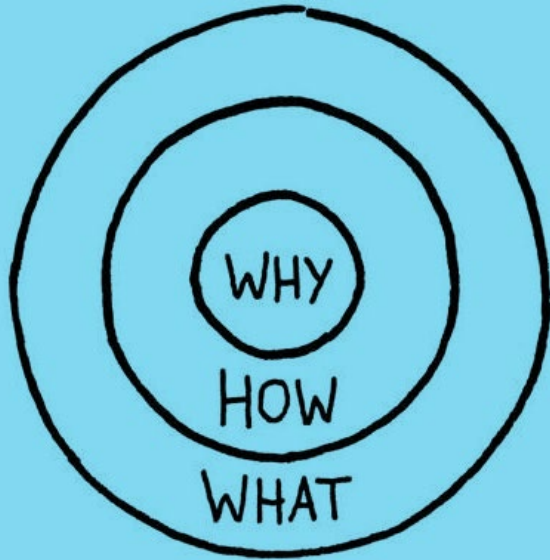
Dynamic Funds®
Invest with advice.

Start with Why



Wealth

The golden circle



Why does wealth matter?

How is **real** wealth created?

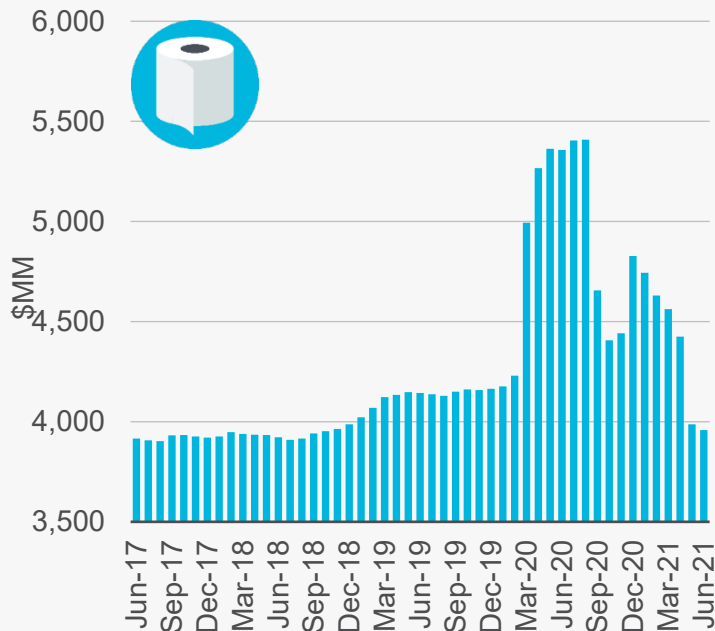
What is wealth?

Buffett, Munger & Graham



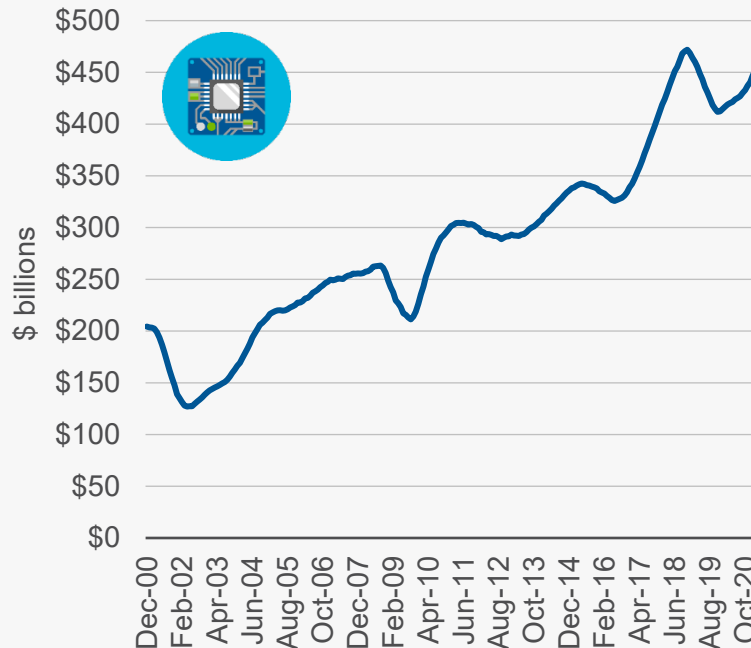
Toilet Paper Economics

Toilet Paper Demand



Source: Nielsen. Rolling 24 weeks
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Semiconductor Demand

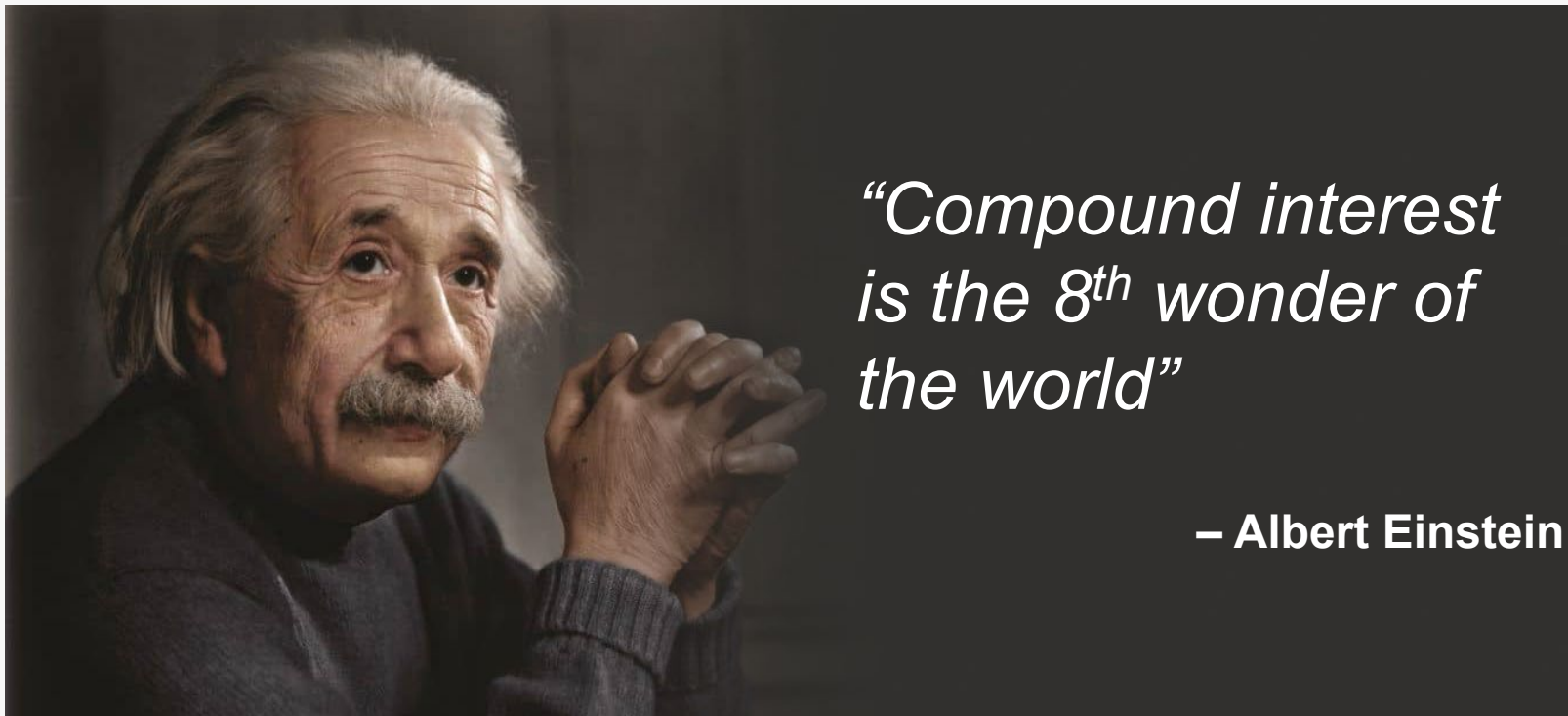


Source: SIA

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Valuation Work

Value Creation – Compounders



Dynamic Funds – Active Management Matters

When you buy a fund, you buy the professional know-how of the portfolio manager.

LEGITIMATELY ACTIVE MANAGEMENT® OFFERS:

- A definable method for growing wealth
- Real value to investors for the fees they are charged
- Specific solutions, not just products
- Protection from the mistakes of the herd



Meet Vishal Patel: Vice President & Portfolio Manager



Vishal Patel, B.Comm. (Hons.), CFA
Vice President & Portfolio Manager

FUNDS MANAGED

Dynamic Power Canadian Growth Fund

Dynamic Power Balanced Fund

Dynamic U.S. Balanced Class

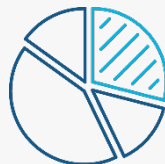
Dynamic Power Small Cap Fund

PRIVATE INVESTMENT POOLS

Dynamic Canadian Equity Private Pool Class

As of September 30, 2023

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Vishal Patel is lead portfolio manager of several Dynamic mandates managing over \$7 billion in assets.

Vishal joined Dynamic Funds as an analyst in 2005 and has held progressively senior positions. He was promoted to Portfolio Manager in 2010 and became a Vice President in 2019. Vishal has received multiple industry awards for delivering consistently strong risk-adjusted performance relative to his peers.

Throughout Vishal's more than 18 years of industry experience, he has covered a broad range of companies across multiple industries. Vishal is a growth oriented manager who employs deep fundamental analysis to select best-in-class sustainable growth companies. He seeks out unique businesses run by strong business leaders and management teams who demonstrate sound capital allocation discipline.

Vishal has a Bachelor of Commerce with distinction from the John Molson School of Business at Concordia University and is a Calvin C. Potter Fellow. He earned the CFA designation in 2009.

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The Investment Team



Vishal Patel, B.Comm.
(Hons.), CFA

Vice President & Portfolio Manager

1832 AM L.P. 18 years

Industry 18 years



Ryan McInerney,
MFin, CFA

Portfolio Analyst

1832 AM L.P. 4 years

Industry 9 years



Dean Capland,
BBA (Hons.)

Portfolio Analyst

1832 AM L.P. 2 years

Industry 6 years



**Paramesh
Krishnamoorthy**, CFA,
MBA, FRM

Portfolio Analyst

1832 AM L.P. 1 years

Industry 12 years



Ben Perry, CFA

Senior Equity Trader

1832 AM L.P. 16 years

Industry 24 years

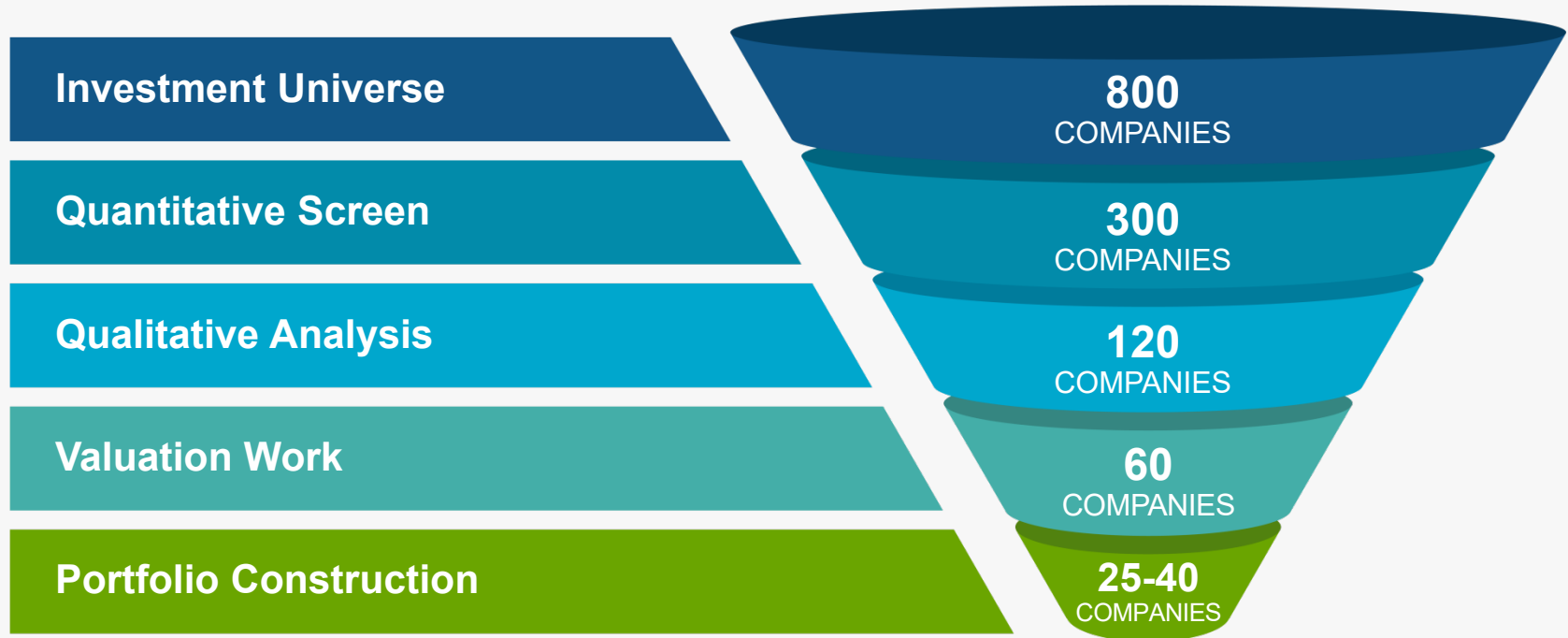
Our Investment Philosophy



ALIGNMENT

Our Investment Process

Defined, Repeatable, Focused



Quantitative Screen Metrics



Growth



Momentum



Efficiency

Qualitative Analysis

Checklist Behind Buy and Sell Decisions



People



Durable Advantage



Capital Allocation

Qualitative Analysis

On the Ground Due Diligence

CALGARY

Canadian Natural Resources
Pembina Pipeline
Suncor
TransCanada

VANCOUVER

Aritzia
Interfor

SEATTLE

Amazon
Boeing
Fortive
Expedia
Microsoft
PACCAR
Starbucks
Weyerhaeuser

SAN FRANCISCO BAY AREA

Facebook
Gilead
Google
Nvidia
Visa



MONTREAL

Alimentation Couche-Tard
Air Canada
Canadian National Railway
CGI
Dollarama
National Bank
Saputo

OTTAWA

InterRent REIT
Calian
Kinaxis

TORONTO

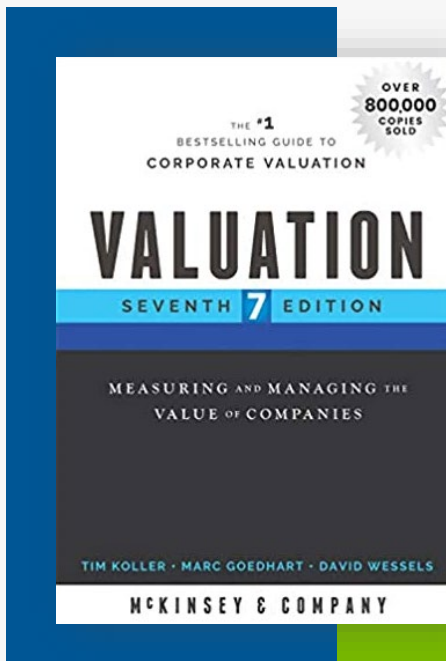
CCL Industries
Loblaws
Rogers Communications
Brookfield Asset Management
Royal Bank of Canada
Toronto-Dominion Bank

PHOENIX

Knight Transport
Republic Services
Sprouts Farmers Market
Swift Transport

Valuation Work

Value Creation – Compounders



$$VC = ROIC \times G \times D$$



RETURN ON INVESTED CAPITAL



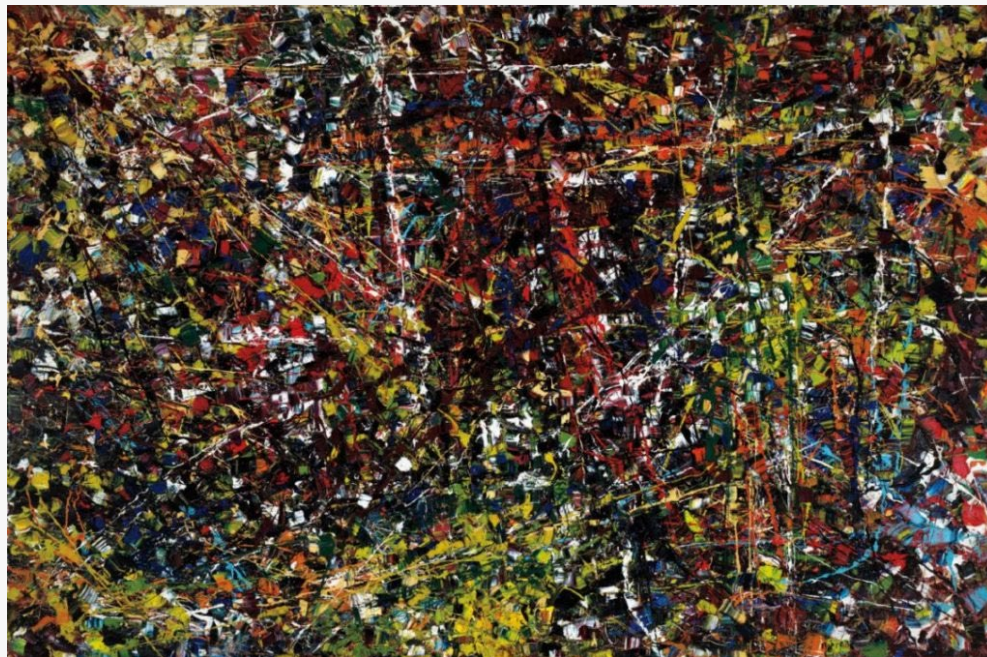
REVENUE GROWTH



DURABILITY

Portfolio Construction

An Art



Jean Paul Riopelle's Vent du nord (1952-53)

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Examples of 'Best-In-Class' companies with sustainable growth



SHERWIN-WILLIAMS.



Securities mentioned are not buy /sell recommendations
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We Focus on The Micro



MACROeconomics

- GDP growth
- Inflation
- Unemployment
- Interest rates



MICROeconomics

- Price setters and takers
- Market structure
- Monopoly
- Value chain

Mackenzie FuturePath Canadian Growth Fund

Portfolio Positioning

TOP 10 HOLDINGS

As of September 30, 2023

TFI International Inc.

NVIDIA Corporation

Alphabet Inc.

Microsoft Corporation

Intact Financial Corporation

Canadian Pacific Kansas City Ltd.

National Bank Of Canada

Sherwin-Williams Company

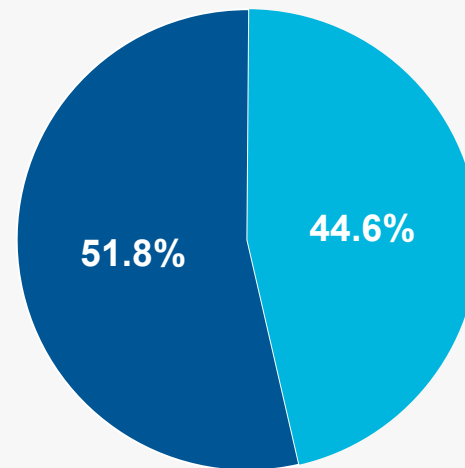
Dollarama Inc.

Apple Inc.

Total Top 10: 53.8%
Total # of Holdings: 31

Geographic Allocation

As of September 30, 2023



- Canada
- United States

Source: Dynamic Funds
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Track Record of Fund Performance

Fund Performance As of September 30, 2023	YTD	1 year	S.I.	Inception Date
Mackenzie FuturePath Canadian Growth Fund	12.1%	14.7%	10.2%	Jul-22
S&P/TSX Composite Index	3.4%	9.5%	7.0%	–

Source: Mackenzie Investments. Indices are not managed, and it is not possible to invest directly in an index.

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Track Record of Fund Performance

Fund Performance As of September 30, 2023	1 year	3 year	5 year	10 year	Inception Date
Dynamic Power Canadian Growth Fund* – F	16.8%	9.2%	8.1%	8.3%	Mar-02
Percentile Ranking	17	52	20	32	–

Source: Dynamic Funds, Morningstar. Please see slide 25 for the full disclaimer. *Lead portfolio manager since 03/2019.

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Podcasts



Artificial Intelligence (AI): A Paradigm Shift For Investors

April 27, 2023

Has Market Volatility Provided an Opportunity to Deploy Capital for the Long Term?

April 5, 2022

Small Caps - Big Potential?

April 22, 2021

The Benefits of Co-Investing with Company Founders and Entrepreneurs

December 3, 2020

Our Quarterly Commentary

Vantage Points

Vantage Points

Growth Insights

Quality Growth – For the Long Term

In this issue of Vantage Points, we are pleased to provide an update on the positioning and performance of our mandates. Today's world is fraught with changing headlines, uncertainty, and volatility. However, regular readers of Vantage Points should know that we focus on microeconomics, not macroeconomics. That being said, we recognize the current state of the world is in flux, due to a "one-two punch" caused by the personal and economic challenges of dealing with COVID-19 and the oil standoff between Saudi Arabia and Russia. The combined impact of these two factors is especially difficult for Canadians and the Canadian dollar given our country's larger energy sector.

It was our focus on microeconomic analysis that led to our zero or minimal exposure to the Canadian energy sector when picking securities for client portfolios. We haven't viewed the energy sector favorably for a number of years, as we find upstream energy producers to lack any sustainable competitive advantage. Ultimately, oil is oil, and the output from one producer is no different from another, creating a commodity product with limited, if any, pricing power. We prefer price-taker markets vs. price-taker markets when we think about businesses that we want to own long-term. We continue to view downstream refining and marketing as the best places to invest within the energy sector.

The recent onset of COVID-19 is truly a macro shock, and something that we didn't forecast or pre-position for. The definition of a recession is two consecutive quarters of GDP decline, and is something that we haven't seen in a decade. However, with the isolation measures put in place by governments around the world and the resulting economic fall out, it is likely we will see a recessionary environment this year. While many investors have talked about "upgrading" or "high-grading" portfolios in this environment, we strive to always maintain a diversified portfolio of high quality businesses. By concentrating on our rigorous investment process and "bottom-up" security selection, we own a portfolio of high-quality businesses that is "downside ready".

We often refer to the value of a business as the present value of its future cash flows, and we believe that the majority of the businesses we own have a superior cash flow profile in this current environment. The businesses we own are high quality (i.e., ample liquidity, strong balance sheet and healthy cash flow cycles) and have sustainable growth (i.e., strong market share, pricing power, sustainable competitive advantages, and market opportunities). We believe that these high quality businesses with sustainable growth will be advantaged against those of lower quality and lower growth.

Businesses are only as good as the quality of management. In addition to finding companies with some of the attributes we previously mentioned, we put significant time and effort into ensuring we own businesses that have the right people at the top. As we move through this unprecedented time, excellent leaders will show their mettle, lead their companies through this downturn, and take advantage of turmoil to win or buy market share. While good management has always been a core pillar of our qualitative investment process, we believe, more than ever, that good leaders with good capital allocation strategies will shine over the next year.

Moving onto attribution, over the quarter ended March 31, 2020, the Dynamic Power Canadian Growth Fund Series F returned -15.4%, outperforming its benchmark S&P/TSX Composite Index, which returned -20.9%. The largest positive contributors to relative performance were the result of an overweight allocation to the Information Technology sector, security selection in the Consumer Discretionary sector and an underweight allocation to the Energy sector. The largest individual absolute contributors to the Fund were names such as Nvidia, Microsoft and Amazon.

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Vantage Points

Growth Insights

High-Quality Management & Strong Balance Sheet – The Ultimate Combination

In this issue of Vantage Points, we are pleased to provide an update on the positioning and performance of our mandates. The first half of 2020 will likely go down as one of the fastest and deepest corrections in market history. It will also probably be one of the fastest recoveries from a financial standpoint as well. While COVID-19 has been a healthcare and economic crisis, governments around the world have taken swift action to help individuals, families, and businesses with a number of programs including small business loans, stimulus cheques, and debt market assistance, to name a few. These actions have narrowed the range of outcomes, setting the stage for a road to recovery. Regular readers of Vantage Points will know that we place great emphasis on strong, capable management teams. In this issue, we want to take that a step further and recognize that even strong management teams require access to liquidity, a solid balance sheet, and access to capital markets in order to thrive and flourish in this challenging market environment. To further emphasize this point we have included a quote from our previous issue of Vantage Points:

"We put significant time and effort into ensuring we own businesses that have the right people at the top. As we move through this unprecedented time, excellent leaders will show their mettle, lead their companies through this downturn, and take advantage of turmoil to win or buy market share. While good management has always been a core pillar of our qualitative investment process, we believe, more than ever, that good leaders with good capital allocation strategies will shine over the next year."

Despite significant social, financial, and political volatility in the second quarter, our management teams met or exceeded our expectations and did exactly what we would expect from great managers - they managed the business. They focused on keeping employees and their families safe while pivoting the business to adapt to the "new normal" of social distancing and working from home. However, this transition required both investment in technology and access to capital in many cases. For any company that may have been under-invested in technology and had weak liquidity and high debt levels, this would have been extremely difficult to manage no matter the strength of the management team. However, our companies were able to navigate this challenging environment due to their strong balance sheets and access to liquidity, providing greater optionality and upside potential. For example, Microsoft has been able to acquire companies to strengthen its cloud computing offering and Boyd was able to successfully access capital markets to raise money for future acquisitions in a time where many of its competitors are struggling.

Similar to a number of our companies, we also took advantage of the volatility and durability of our portfolios to adjust our positioning. The one company we felt could weather the storm best was Apple, and we initiated and/or added to our position during the quarter. They have a fortress-like balance sheet and AAA credit rating with over 200 billion in cash – a financial position that most governments would envy. Furthermore, we respect Tim Cook and his management team. They were able to use their global platform and data capabilities to learn from prior shutdowns in Asia and apply those learnings as North America began to move into social distancing measures in March/April.

Moving onto attribution, over the quarter ended June 30, 2020, the Dynamic Power Canadian Growth Fund Series F returned 17.8%, performing in line with its benchmark S&P/TSX Composite Index, which returned 17%. The largest positive contributors to relative performance were the result of an underweight allocation in the Financials sector and security selection in the Communication Services sector. An underweight allocation to the Materials sector was the primary detractor. The largest individual absolute contributors to the Fund were names such as Amazon, Apple and Kinaxis.

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ANY QUESTIONS?
THANK YOU FOR YOUR TIME

Performance Information

Disclaimer

Percentile source: Morningstar. Dynamic Power Canadian Growth Fund 1yr. 512, 3yr. 498, 5yr. 468, and 10yr. 319.

The Morningstar percentile ranking reflects performance as of September 30, 2023 and is subject to change monthly. Morningstar is an independent organization that groups mutual funds with generally similar investment objectives for comparison purposes and ranks them on a historical basis. Percentile rank is a standardized way of ranking items within a peer group, in this case, funds with the same Morningstar category. The observation with the largest numerical value is ranked one; the observation with the smallest numerical value is ranked 100. The remaining observations are placed equal distance from one another on the rating scale. Note that lower percentile ranks are generally more favorable for returns (high returns), while higher percentile ranks are generally more favorable for risk measures (low risk). For more details on the calculation of Morningstar, see www.morningstar.ca.

Morningstar rating reflects performance as of September 30, 2023. Morningstar is an independent organization that groups mutual funds with generally similar investment objectives for comparison purposes. Morningstar Star Ratings reflect performance as of a particular date and are recalculated monthly. The Ratings are an objective, quantitative measure of a fund's historical risk-adjusted performance relative to other funds in its category. Ratings are calculated based on a fund's 3, 5 and 10-year performance returns, as available, with the overall rating being a weighted combination of those ratings. Only funds with at least a three-year track record are considered, and Morningstar calculates ratings only for categories with at least 20 funds. Five-star rated funds are generally considered to be those that generate superior risk-adjusted returns and indicate that the fund is in the top 10% of its category. For more details on the calculation of Morningstar Star Ratings, see www.morningstar.ca

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Important Information

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1832 Asset Management L.P. – Introduction

1832 Asset Management L.P. provides **asset management oversight** and **portfolio management capabilities** in both the **Retail, Private Wealth and Institutional** channels of Scotiabank's **Global Wealth Management** business.

- **As one of Canada's largest buy-side firms with over \$170 billion in AUM, 1832 Asset Management L.P.:**
 - Has maintained a significant presence in the asset management industry in Canada, as a manager of mutual funds, and in providing investment solutions for private clients, institutions, foundations, endowments, and managed assets programs
 - Spans every major sector, geographic region and investment discipline
 - Offers a comprehensive range of solutions through Dynamic Funds, ScotiaFunds, and its Institutional and International business lines
 - Holds securities in approximately 50 countries, and with registration to trade in approximately 80 countries
 - Large asset base, with consistent growth in assets under management
- **Today, 1832 Asset Management L.P.'s experienced and multiple award-winning investment management team is active across capital markets and asset classes, deploying traditional and innovative strategies to deliver on its mandates.**

1832 Asset Management L.P. - Investment Framework

1832 Asset Management L.P. is comprised of several investment teams, with diverse investment styles. The central tenet of the investment team is to construct actively managed, conviction-based portfolios, using independent thinking and internally generated research.

Macro-Economic Outlook

- CIS led dialogue to understand where we are in the market cycle

Quantitative Screening

- Identify securities that fit the team investment criteria

Fundamental Analysis

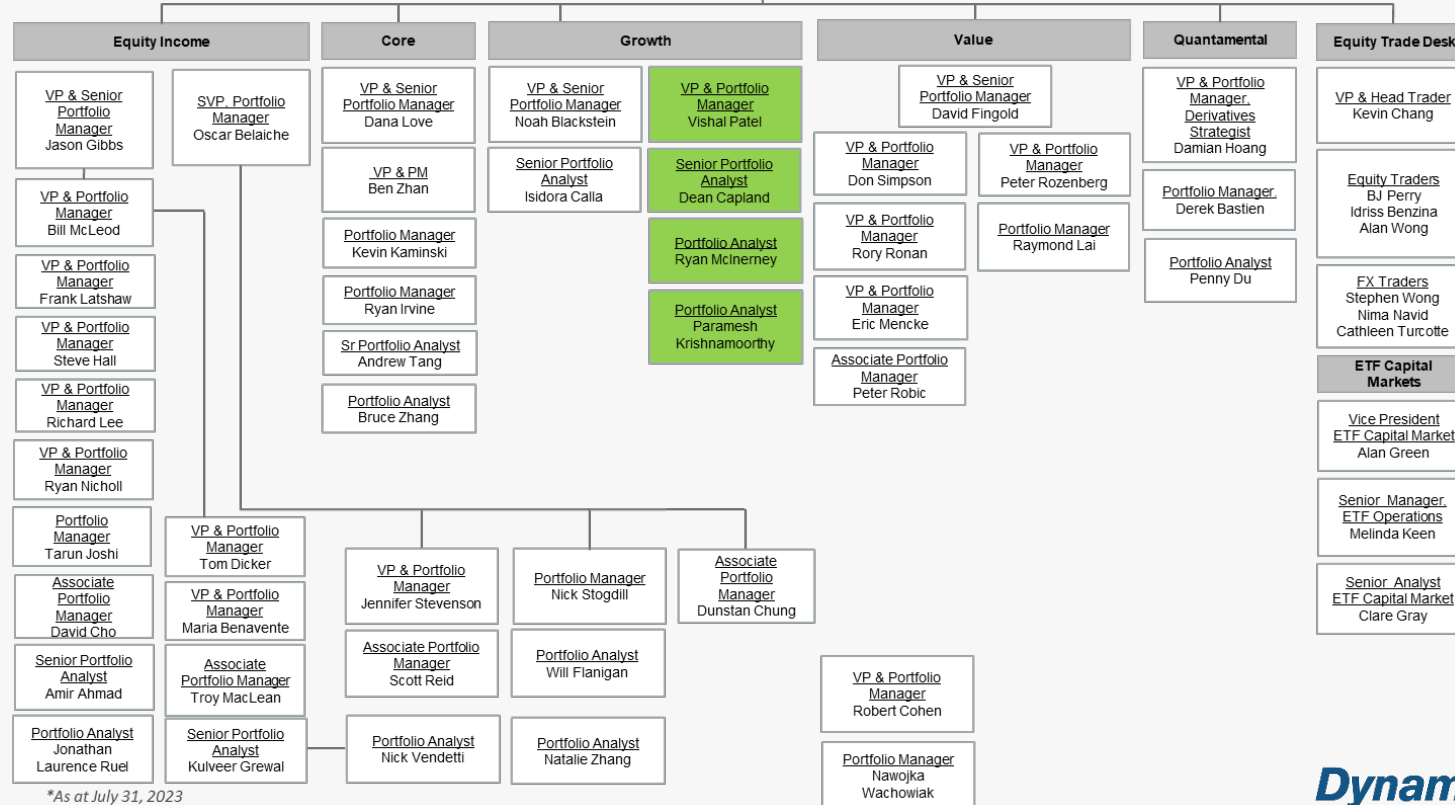
- Uncover unique investment ideas and companies

Technical Analysis

- Available for investment teams that use to inform buying and selling decisions

1832 Investment Management Team Equity & Trading

Jim Morris
Chief Operating Officer
1832 Asset Management L.P.



*As at July 31, 2023

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