

IRC REPORT TO UNITHOLDERS

As at June 30, 2018

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, 2018.

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.

On April 30, 2018 Brahm Gelfand and Murray Paton retired from the IRC. The IRC thanks Mr. Gelfand and Mr. Paton for their contributions and years of service. We are pleased to welcome Stephen Griggs and Heather Hunter as members of the IRC effective May 15, 2018.

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

Date of Appointment and Length of Service

IRC Member	Date of Appointment	Length of Service
Stephen Griggs	May 15, 2018	3 months
Simon Hitzig	November 1, 2013	4years, 10 months
Heather Hunter	May 15, 2018	3 months
Carol S. Perry <i>Chair of the IRC</i>	November 1, 2011	6 years, 10 months
Jennifer Witterick	May 1, 2016	2 years, 4 months

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. 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. 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 investments funds managed by an investment fund manager not affiliated with the Bank of Nova Scotia, with the exception of Stephen Griggs who served until August 31, 2018 on the Independent Review Committee of IA Clarington Funds.

Holdings

(a) Funds

As at June 30, 2018, 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, 2018, 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, 2018, 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 the Manager, in addition to the Bank of Nova Scotia. As at June 30, 2018, 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 \$131,643. 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, 2017 to June 30, 2018 (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. ***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;
2. ***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;

3. ***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;
4. ***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); and
5. ***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.

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 Recovery***, 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. ***Large Transactions***, which provides the criteria for which the Manager negotiates the terms for

large transactions with unitholders or shareholders;

11. ***New Funds***, which provides the criteria for which the Manager establishes new Funds;
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. ***Prohibited Investments***, which addresses the circumstances and terms under which a portfolio manager or advisor can acquire securities of an issuer for the Funds where the advisor or other responsible persons is an officer or director of the issuer.
16. ***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;
17. ***Short-Term Trading***, which provides the process to deter excessive trading by unitholders or shareholders in units or shares of the Funds;
18. ***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
19. ***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.

**Schedule “A”
The Funds**

Dynamic Asia Pacific Equity Fund (*formerly Dynamic Far East Value Fund*)
Dynamic Blue Chip Balanced Fund
Dynamic Blue Chip Equity Fund
Dynamic European Equity Fund (*formerly Dynamic European Value Fund*)
Dynamic Global Balanced Fund
Dynamic Global Equity Fund
Dynamic International Equity Fund (*formerly Dynamic Global Value 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. Equity 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 (*formerly Dynamic Aurion 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 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 Income Portfolio (*formerly Dynamic Strategic Income Portfolio*)
DynamicEdge Balanced Portfolio
DynamicEdge Defensive Portfolio
DynamicEdge Equity Portfolio
DynamicEdge Growth Portfolio
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 Total Return Bond Class (*formerly Dynamic Aurion 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 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 Active Core Bond Private Pool
Dynamic Active Credit Strategies Private Pool
Dynamic Alternative Managed Risk Private Pool Class (*formerly Dynamic Alternative Investments 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
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