No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Initial Public Offering and Continuous Offering

May 18, 2018

This prospectus qualifies the distribution of units ("**Units**") of the following exchange traded funds (together, the "**Scotia ETFs**", and each, a "**Scotia ETF**"), each of which is a trust created under the laws of the province of Ontario.

Scotia Strategic Fixed Income ETF Portfolio ("SFIX")
Scotia Strategic Canadian Equity ETF Portfolio ("SCAD")
Scotia Strategic U.S. Equity ETF Portfolio ("SUSA")
Scotia Strategic International Equity ETF Portfolio ("SINT")

1832 Asset Management L.P. (the "**Manager**" and "**Trustee**") is the manager, promoter and trustee of the Scotia ETFs. The head office of the Manager is located at 1 Adelaide Street East, 28^{th} Floor, Toronto, Ontario, M5C 2V9. The Manager has retained BlackRock Asset Management Canada Limited ("**BlackRock Canada**" or the "**Sub-Advisor**") to act as sub-advisor of the Scotia ETFs. See "Organization and Management Details of the Scotia ETFs – Manager" and "Organization and Management Details of the Scotia ETFs – Sub-Advisor".

Investment Objectives

SFIX seeks to provide a combination of income and modest capital gains by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to fixed income securities.

SCAD seeks to provide long-term capital growth by investing primarily in securities issued by Canadian exchange-traded funds that provide exposure to equity securities of issuers listed in Canada.

SUSA seeks to provide long-term capital growth by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to equity securities of issuers listed in the U.S.

SINT seeks to provide long-term capital growth by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to equity securities of issuers listed in international developed and developing markets.

See "Investment Objectives".

Listing of Units

Each Scotia ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. The Units are denominated in Canadian dollars. The Units have been conditionally approved for listing on the Toronto Stock Exchange (the "**TSX**"). Subject to satisfying the TSX's original listing requirements, the Units will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Scotia ETF in connection with buying or selling of Units on the TSX. Holders of Units may also (i) redeem Units of any Scotia ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit ("**NAV per Unit**") on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a Prescribed Number of Units (as defined herein) (or an integral multiple thereof) for Baskets of Securities (as defined herein) and cash or, in certain circumstances, for cash. See "Exchange and Redemption of Units – Redemption of Units of a Scotia ETF for Cash" and "Exchange and Redemption of Units – Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash" for further information.

The Scotia ETFs will generally issue Units directly to the designated broker and dealers. Scotia Capital Inc., an affiliate of the Manager, will act as a Designated Broker and Dealer for the Scotia ETFs.

Eligibility for Investment

In the opinion of Blake, Cassels & Graydon LLP, provided that a Scotia ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act (as defined herein), or that the Units of that Scotia ETF are listed on a “designated stock exchange” within the meaning of the Tax Act, the Units of such Scotia ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account.

Additional Considerations

No designated broker or dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and as such, the designated broker and dealers do not perform many of the usual underwriting activities in connection with the distribution by the Scotia ETFs of their Units under this prospectus.

For a discussion of the risks associated with an investment in Units of the Scotia ETFs, see “Risk Factors”.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

Documents Incorporated by Reference

Additional information about each Scotia ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for each Scotia ETF, and the most recently filed ETF Facts (as defined herein) for each Scotia ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference” for further details.

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

GLOSSARY

Unless otherwise indicated, the references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

allowable capital loss – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

Basket of Securities – means, in relation to a particular Scotia ETF, a group of securities and/or assets determined by the Manager or Sub-Advisor from time to time.

BlackRock Canada – means BlackRock Asset Management Canada Limited.

BTC - BlackRock Institutional Trust Company, N.A.

Canadian Securities Legislation – means the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities, as the same may be amended, restated or replaced from time to time.

Capital Gains Refund – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Scotia ETFs”.

CDS – means CDS Clearing and Depository Services Inc.

CDS Participant – means a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

Close Price - has the meaning ascribed thereto under “Calculation of NAV – Differences from International Financial Reporting Standards”.

Constituent Issuers – means the issuers included in the portfolio of a Scotia ETF from time to time.

Constituent Securities – means the securities included in the portfolio of a Scotia ETF from time to time.

CRA **–** means the Canada Revenue Agency.

CRS Provisions **–** has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

Custodian – means State Street Trust Company Canada, in its capacity as custodian of the Scotia ETFs pursuant to the Custodian Agreement.

Custodian Agreement – means the amended and restated master custodian agreement dated April 27, 2004, as amended, between the Manager, on behalf of the Scotia ETFs, and the Custodian, as may be further supplemented, amended and/or amended and restated from time to time.

Dealer **–** means a registered dealer (that may or may not be a Designated Broker), including Scotia Capital Inc., an affiliate of the Manager, that has entered into a continuous distribution dealer agreement with the Manager, on behalf of a Scotia ETF, and that subscribes for and purchases Units from that Scotia ETF.

Declaration of Trust **–** means the master declaration of trust establishing the Scotia ETFs dated May 18, 2018, as the same may be amended, restated or replaced from time to time.

Designated Broker – means a registered dealer, including Scotia Capital Inc., an affiliate of the Manager, that has entered into a designated broker agreement with the Manager, on behalf of a Scotia ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to that Scotia ETF.

DFA Rules – has the meaning ascribed thereto under “Risk Factors – Taxation of the Scotia ETFs”.

Distribution Record Date – means, in relation to a particular Scotia ETF, a date determined by the Manager as a record date for the determination of the Unitholders of the Scotia ETF entitled to receive a distribution.

DPSP – means a deferred profit sharing plan within the meaning of the Tax Act.

ETF Facts – means the ETF Fact document prescribed by Canadian Securities Legislation in respect of an exchange traded fund, which summarizes certain features of the exchange traded fund and which is publicly available at www.sedar.com and provided or made available to registered dealers for delivery to purchasers of securities of an exchange traded fund.

Financial Statements - has the meaning ascribed thereto under "Calculation of NAV – Differences from International Financial Reporting Standards".

General Partner – has the meaning ascribed thereto under "Organization and Management Details of the Scotia ETFs – Manager".

GST/HST – means taxes levied under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

Holder – has the meaning ascribed thereto under "Income Tax Considerations".

IFRS - has the meaning ascribed thereto under "Calculation of NAV – Differences from International Financial Reporting Standards".

IGA – has the meaning ascribed thereto under "Unitholder Matters – International Information Reporting".

IRC or Independent Review Committee – means the independent review committee of the Scotia ETFs established under NI 81-107.

Lending Agent – means State Street Bank and Trust Company, in its capacity as lending agent pursuant to the Securities Lending Agreement.

Manager – has the meaning ascribed thereto on the cover page.

Management Fee – has the meaning ascribed thereto under "Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs – Management Fees".

Management Fee Distributions – has the meaning ascribed thereto under "Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs – Management Fees".

Minimum Distribution Requirements – has the meaning ascribed thereto under "Income Tax Considerations – Status of the Scotia ETFs".

MRFP – means management report of fund performance.

NAV and *NAV per Unit* – means, in relation to a particular Scotia ETF, the net asset value of the Scotia ETF and the net asset value per Unit, calculated by the Valuation Agent, as described under "Calculation of NAV".

NI 81-102 – means National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

NI 81-106 – means National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

NI 81-107 – means National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

Non-Portfolio Income – has the meaning ascribed thereto under "Income Tax Considerations – Taxation of the Scotia ETFs".

Permitted Mergers – has the meaning ascribed thereto under "Unitholder Matters – Permitted Mergers".

PNU or Prescribed Number of Units – means, in relation to a particular Scotia ETF, the number of Units determined by the Manager or Sub-Advisor, as applicable, from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Proxy Voting Policy – has the meaning ascribed thereto under "Proxy Voting Disclosure for Portfolio Securities Held".

RDSP – means a registered disability savings plan within the meaning of the Tax Act.

Registered Plans – has the meaning ascribed thereto under "Income Tax Considerations – Status of the Scotia ETFs".

Registrar and Transfer Agent – means State Street Trust Company Canada or its successor.

Reporting Date - has the meaning ascribed thereto under "Calculation of NAV – Differences from International Financial Reporting Standards".

RESP **–** means a registered education savings plan within the meaning of the Tax Act.

RRIF – means a registered retirement income fund within the meaning of the Tax Act.

RRSP – means a registered retirement savings plan within the meaning of the Tax Act.

Scotiabank – means The Bank of Nova Scotia

Scotia ETFs – means collectively, SFIX, SCAD, SUSA and SINT, and each, an investment trust established under the laws of the province of Ontario pursuant to the Declaration of Trust.

Securities Lending Agreement – means the securities lending agreement between the Manager, in its capacity as trustee and manager of the Scotia ETFs, and the Lending Agent, as may be further supplemented, amended and/or amended and restated from time to time.

Securities Regulatory Authorities – means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.

SIFT trust – means a specified investment flow-through trust within the meaning of the Tax Act.

Sub-Advisor – means BlackRock Canada, in its capacity as sub-advisor of the Scotia ETFs, or its respective successors.

Sub-Advisory Agreement – means the investment sub-advisory agreement dated May 18, 2018 entered into by the Manager, on behalf of the Scotia ETFs, with the Sub-Advisor, as may be further supplemented, amended and/or amended and restated from time to time.

Substituted Property – has the meaning ascribed thereto under "Income Tax Considerations – Taxation of the Scotia ETFs".

Tax Act **–** means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

Tax Amendment – means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof.

taxable capital gain **–** has the meaning ascribed thereto under "Income Tax Considerations **–** Taxation of Holders".

Tax Treaties – has the meaning ascribed thereto under "Risk Factors – Taxation of the Scotia ETFs".

TFSA – means a tax-free savings account within the meaning of the Tax Act.

Trading Day **–** means a day on which a session of the TSX is held and the primary market or exchange for the securities held by the Scotia ETFs is open for trading.

Trustee **–** has the meaning ascribed thereto on the cover page.

TSX **–** means the Toronto Stock Exchange.

Underlying ETFs – has the meaning ascribed thereto under "Investment Strategies".

Underlying Fund Management Fees - has the meaning ascribed thereto under "Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs – Underlying ETF Fees".

Unit – means, in relation to a particular Scotia ETF, a redeemable, transferable unit of that Scotia ETF, which represents an equal, undivided interest in the net assets of that Scotia ETF.

Unitholder **–** means a holder of Units of a Scotia ETF.

Valuation Agent – means State Street Bank and Trust Company, which maintains its principal place of business at 225 Franklin Street, Boston, Massachusetts 02110, USA.

Valuation Date – means each Trading Day or any other day designated by the Manager on which the NAV and NAV per Unit of a Scotia ETF is calculated.

Valuation Time – means, in relation to a Scotia ETF, 4:00 p.m. (Toronto time) on a Valuation Date or such other time that the Manager deems appropriate on each Valuation Date.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

Issuers:

Scotia Strategic Fixed Income ETF Portfolio ("**SFIX**")
Scotia Strategic Canadian Equity ETF Portfolio ("**SCAD**")
Scotia Strategic U.S. Equity ETF Portfolio ("**SUSA**")
Scotia Strategic International Equity ETF Portfolio ("**SINT**")
(together, the "**Scotia ETFs**", and each, a "**Scotia ETF**")

1832 Asset Management L.P. (the "**Manager**" and "**Trustee**") is the manager, promoter, trustee and portfolio advisor of the Scotia ETFs. The Manager has retained BlackRock Asset Management Canada Limited ("**BlackRock Canada**" or the "**Sub-Advisor**") to act as sub-advisor of the Scotia ETFs.

Continuous Distribution:

Each Scotia ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. Units of the Scotia ETFs are denominated in Canadian dollars.

The Units have been conditionally approved for listing on the Toronto Stock Exchange ("**TSX**"). Subject to satisfying the TSX's original listing requirements, the Units will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Scotia ETF in connection with the buying or selling of Units on the TSX. Investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

See "Purchases of Units – Continuous Distribution" and "Purchases of Units – Buying and Selling Units of a Scotia ETF".

Investment Objectives:

Scotia ETF	Investment Objectives
SFIX	SFIX seeks to provide a combination of income and modest capital gains by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to fixed income securities.
SCAD	SCAD seeks to provide long-term capital growth by investing primarily in securities issued by Canadian exchange-traded funds that provide exposure to equity securities of issuers listed in Canada.
SUSA	SUSA seeks to provide long-term capital growth by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to equity securities of issuers listed in the U.S.
SINT	SINT seeks to provide long-term capital growth by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to equity securities of issuers listed in international developed and developing markets.

See "Investment Objectives".

Investment

Specific Investment Strategies

Strategies:

Scotia Strategic Fixed Income ETF Portfolio

The Manager uses a disciplined investment approach to assess an investment universe comprised of a diversified selection of fixed income securities. To construct an optimized portfolio, the Manager employs a strategic approach to asset allocation within the fixed income asset class and a bottom-up analysis to carefully construct a model portfolio by selecting one or more exchange traded funds (“**Underlying ETFs**”) in accordance with the Scotia ETF’s investment objectives.

Based on the model portfolio constructed by the Manager, the Sub-Advisor may invest up to 100% of the portfolio’s assets in fixed income securities by investing in one or more Underlying ETFs listed on an exchange in Canada or the United States. The Underlying ETFs in which the portfolio is invested may include but are not limited to index-based, factor-based and actively managed exchange traded funds that are selected by the Manager to provide diversified fixed income exposure.

Scotia Strategic Canadian Equity ETF Portfolio

The Manager uses a disciplined investment approach to assess an investment universe comprised of a diversified selection of Canadian equity securities. To construct an optimized portfolio, the Manager employs a strategic approach to asset allocation within the equity asset class in Canada and a bottom-up analysis to carefully construct a model portfolio by selecting one or more Underlying ETFs in accordance with the Scotia ETF’s investment objectives.

Based on the model portfolio constructed by the Manager, the Sub-Advisor may invest up to 100% of the portfolio’s assets in Canadian equity securities by investing in one or more Underlying ETFs listed on an exchange in Canada. The Underlying ETFs in which the portfolio is invested may include but are not limited to index-based, factor-based and actively managed exchange traded funds that are selected by the Manager to provide diversified Canadian equity exposure.

Scotia Strategic U.S. Equity ETF Portfolio

The Manager uses a disciplined investment approach to assess an investment universe comprised of a diversified selection of U.S. equity securities. To construct an optimized portfolio, the Manager employs a strategic approach to asset allocation within the equity asset class in the U.S. and a bottom-up analysis to carefully construct a model portfolio by selecting one or more Underlying ETFs in accordance with the Scotia ETF’s investment objectives.

Based on the model portfolio constructed by the Manager, the Sub-Advisor may invest up to 100% of the portfolio’s assets in U.S. equity securities by investing in one or more Underlying ETFs listed on an exchange in Canada or the United States. The Underlying ETFs in which the portfolio is invested may include but are not limited to index-based, factor-based and actively managed exchange traded funds that are selected by the Manager to provide diversified U.S. equity exposure.

Scotia Strategic International Equity ETF Portfolio

The Manager uses a disciplined investment approach to assess an investment universe comprised of a diversified selection of international equity securities. To construct an optimized portfolio, the Manager employs a strategic approach to asset allocation within the equity asset class anywhere in the world except Canada and the U.S. and a bottom-up analysis to carefully construct a model portfolio by selecting one or more Underlying ETFs in accordance with the Scotia ETF’s investment objectives.

Based on the model portfolio constructed by the Manager, the Sub-Advisor may invest up to 100% of the portfolio’s assets in international equity securities by investing in one or more Underlying ETFs listed on an exchange in Canada or the United States. The Underlying ETFs in which the portfolio is invested may include but are not limited to index-based, factor-based and actively managed exchange traded funds that are selected by the Manager to provide diversified international equity exposure.

General Investment Strategies

The Sub-Advisor will adjust the composition of the portfolio of each Scotia ETF to reflect changes in the model portfolio provided by the Manager to the Sub-Advisor from time to time. Each Scotia ETF's portfolio is reviewed on an ongoing basis by the Manager to ensure adherence with its stated investment objective. The portfolio holdings and weightings of the Underlying ETFs in a Scotia ETF's portfolio may be changed at any time, at the discretion of the Manager. The composition of a Scotia ETF's portfolio will vary over time, generally as a result of changes to its model portfolio, but may also vary due to changes in the market value of Underlying ETFs following implementation of a model portfolio, and the Sub-Advisor's management of the portfolio, including as a result of subscriptions, redemptions and exchanges, corporate actions affecting an Underlying ETF, payment of fund expenses and/or the reinvestment of cash.

In addition to investing in the Underlying ETFs, the Scotia ETFs may also invest, directly or indirectly, in a portfolio comprised of various securities and instruments which may include, but are not limited to, equity and equity related securities, fixed income securities and futures contracts (provided such investments are consistent with such Scotia ETF's investment objectives and strategies). Equity related securities held by the Scotia ETFs may include, but are not limited to, ADRs, convertible debt, income trust units, single issuer equity options, preferred shares and warrants. If market conditions require, in order to preserve capital, a Scotia ETF may seek to invest a substantial portion of its assets in cash and cash equivalents or other money market instruments in order to meet their current obligations.

Investment in other Investment Funds or Exchange Traded Funds

In accordance with applicable securities legislation, including NI 81-102 or an exemption therefrom, a Scotia ETF may invest in one or more Underlying ETFs listed on a stock exchange in Canada or the United States. Such Underlying ETFs may themselves invest in securities of other investment funds, which may be managed by the same, affiliated or third-party investment fund managers. To ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

The Manager, on behalf of the Scotia ETFs, has obtained exemptive relief from the Canadian securities regulatory authorities to invest in certain exchange traded funds listed on a recognized exchange in Canada that are not "index participation units". Accordingly, the Underlying ETFs in which a Scotia ETF invests may include Canadian or U.S. index-based exchange traded funds (i.e. "index participation units"), Canadian factor-based exchange traded funds and Canadian actively-managed exchange traded funds. See also "Underlying ETF Fees" below

Use of Derivatives

A Scotia ETF may use derivative instruments from time to time for hedging or investment purposes. Any use of derivative instruments by a Scotia ETF must be in compliance with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Scotia ETF.

Currency Hedging

A Scotia ETF may invest in unhedged, currency hedged or actively hedged securities of an Underlying ETF. Other than through investments in an Underlying ETF that engages in currency hedging, the Scotia ETFs' exposure to foreign currencies will not be hedged back to the Canadian dollar by the Manager or Sub-Advisor.

Securities Lending

A Scotia ETF may enter into securities lending transactions and repurchase and reverse purchase transactions in compliance with NI 81-102 in order to earn additional income for the Scotia ETF.

See "Investment Strategies".

Special Considerations for Purchasers:

The provisions of the so-called "early warning" requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Scotia ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of any Scotia ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian Securities Legislation.

See "Attributes of the Securities – Description of the Securities Distributed".

Risk Factors:

There are certain general risk factors inherent in an investment in the Scotia ETFs, including:

(a) no guaranteed return;
(b) general risks of investments;
(c) asset class risk;
(d) issuer risk;
(e) illiquid securities risk;
(f) reliance on key personnel;
(g) trading price of Units;
(h) fluctuations in NAV and NAV per Unit;
(i) cease trading of securities risk;
(j) concentration risk;
(k) use of derivative instruments;
(l) risk of volatile markets;
(m) changes in legislation;
(n) significant unitholder risk;
(o) settlement risk;
(p) taxation of the Scotia ETFs;
(q) valuation risk;
(r) cybersecurity risk;
(s) lack of operating history;
(t) cease trading of Units; and
(u) U.S. withholding tax risk.

See "Risk Factors – General Risks Relating to an Investment in the Scotia ETFs".

In addition to the general risk factors, the following additional risk factors are inherent in an investment in one or more of the Scotia ETFs as indicated in the table below:

Scotia ETF Specific Risks	SFIX	SCAD	SUSA	SINT
Country Risk		✓	✓	
Credit Rating Related Risk	✓			
Currency Fluctuation Risk	✓		✓	✓
Developing Markets Risk				✓
Foreign Investment Risk	✓		✓	✓
General Risks of Equity Investments		✓	✓	✓
General Risks of Fixed Income	✓			

Securities				
Portfolio Management Risk	✓	✓	✓	✓
Preferred Shares Risk	✓			
Securities Lending Risk	✓	✓	✓	✓
Risks of Investments in U.S. Listed ETFs	✓		✓	✓
Underlying ETF Risk	✓	✓	✓	✓

See "Risk Factors – Additional Risks Relating to an Investment in each Scotia ETF".

Income Tax Considerations:

This summary of Canadian federal income tax considerations for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out under the heading "Income Tax Considerations".

A Unitholder of a Scotia ETF who is an individual (other than a trust) resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized taxable capital gains) that is paid or becomes payable to the Unitholder by that Scotia ETF in that year (including such income that is paid in Units of the Scotia ETF).

A Unitholder of a Scotia ETF who disposes of a Unit of that Scotia ETF that is held as capital property (within the meaning of the Tax Act), including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the Scotia ETF which represents capital gains allocated and designated to the redeeming Unitholder in accordance to the Declaration of Trust), net of costs of disposition, exceed (or are less than) the adjusted cost base of that Unit.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units of a Scotia ETF by obtaining advice from his or her tax advisor.

See "Income Tax Considerations".

Exchanges and Redemptions:

In addition to the ability to sell Units on the TSX, Unitholders may also (i) redeem Units of any Scotia ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a PNU (or an integral multiple thereof) for Baskets of Securities and cash or, in certain circumstances, for cash.

See "Exchange and Redemption of Units – Redemption of Units of a Scotia ETF for Cash" and "Exchange and Redemption of Units – Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash".

Distributions:

Each Scotia ETF will distribute, in each taxation year, any net income and any net realized capital gains of the Scotia ETF to such an extent that the Scotia ETF will not be liable for non-refundable income tax under the Tax Act in respect of the taxation year.

Cash distributions on Units of a Scotia ETF, if any, will be made in the currency in which Units of the Scotia ETF are denominated and are expected to be made periodically as set out in the table below:

Scotia ETFs	**Frequency of Distributions**
SFIX	Monthly
SCAD	Quarterly
SUSA	Quarterly

SINT	Quarterly

Depending on the underlying investments of a Scotia ETF, distributions on Units may consist of ordinary income, including foreign source income and taxable dividends from taxable Canadian corporations, sourced from dividends or distributions received by the Scotia ETF but may also include net realized capital gains, in any case, less the expenses of that Scotia ETF. Distributions on Units may also include returns of capital which will generally reduce the adjusted cost base on the Unitholder's Units of that Scotia ETF.

In addition to the distributions described above, a Scotia ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special distribution or in connection with returns of capital.

The tax treatment to Unitholders of distributions is discussed under the heading "Income Tax Considerations".

See "Distribution Policy".

Termination: The Scotia ETFs do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Declaration of Trust. See "Termination of the Scotia ETFs".

Eligibility for Investment: Provided that a Scotia ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, or the Units of that Scotia ETF are listed on a "designated stock exchange" within the meaning of the Tax Act, Units of that Scotia ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for Registered Plans.

Notwithstanding the foregoing, an annuitant of an RRSP or RRIF, the holder of a TFSA or RDSP or the subscriber of an RESP may be subject to a penalty tax in respect of Units of a Scotia ETF held by the RRSP, RRIF, RESP, RDSP or TFSA if the Units of that Scotia ETF are "prohibited investments" for such RRSP, RRIF, RESP, RDSP or TFSA as determined under the Tax Act.

See "Income Tax Considerations – Taxation of Registered Plans".

Documents Incorporated by Reference: Additional information about each Scotia ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance ("**MRFP**"), any interim MRFP filed after the annual MRFP for each Scotia ETF, and the most recently filed ETF Facts for each Scotia ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus.

These documents are available at no charge by calling 1-866-977-0477, or by asking your registered investment professional. Unitholders will also find these documents on the Manager's website at www.scotiabank.com/ETF. These documents and other information about the Scotia ETFs are also available at www.sedar.com.

See "Documents Incorporated by Reference".

Organization and Management of the Scotia ETFs

The Manager, Trustee and Investment Manager:	1832 Asset Management L.P. manages the overall business and operations of the Scotia ETFs, including providing portfolio management, fund accounting and administration services and promoting the sales of the securities of the Scotia ETFs. The general partner of the Manager, 1832 Asset Management G.P. Inc. (the "**General Partner**"), is wholly-owned by The Bank of Nova Scotia. The Bank of Nova Scotia also owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, and Scotia Capital Inc. (which includes ScotiaMcLeod® and Scotia iTRADE®), an investment dealer. The principal office of the Scotia ETFs and 1832 Asset Management L.P. is located at 1 Adelaide Street East, 28th Floor, Toronto, Ontario, M5C 2V9. See "Organization and Management Details of the Scotia ETFs – Manager" and "Organization and Management Details of the Scotia ETFs – Trustee".
Sub-Advisor:	The Manager has retained BlackRock Asset Management Canada Limited to act as sub-advisor of the Scotia ETFs, pursuant to the Sub-Advisory Agreement. The Sub-Advisor intends to delegate certain portfolio management and trading duties to its affiliate, BTC, a national banking association organized under the laws of the United States of America that operates as a limited purpose trust company. BTC is an indirect, wholly-owned subsidiary of BlackRock, Inc. ("**BlackRock**") and an affiliate of BlackRock Canada. In accordance with applicable securities legislation, BlackRock Canada and BTC may also appoint other affiliates to provide portfolio management or investment sub-advisory services. See "Organization and Management Details of the Scotia ETFs – Sub-Advisor".
Promoter:	1832 Asset Management L.P. has taken the initiative of founding and organizing the Scotia ETFs and is, accordingly, the promoter of the Scotia ETFs within the meaning of securities legislation of certain provinces and territories of Canada. See "Organization and Management Details of the Scotia ETFs – Promoter".
Custodian:	State Street Trust Company Canada is the custodian of the Scotia ETFs and is independent of the Manager. The Custodian provides custodial services to the Scotia ETFs. The Custodian is located in Toronto, Ontario. See "Organization and Management Details of the Scotia ETFs – Custodian".
Valuation Agent:	State Street Bank and Trust Company provides accounting services in respect of the Scotia ETFs. State Street Trust Company Canada is located in Toronto, Ontario. See "Organization and Management Details of the Scotia ETFs – Valuation Agent".
Registrar and Transfer Agent:	State Street Trust Company Canada, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units of the Scotia ETFs and maintains the register of registered Unitholders. The register of the Scotia ETFs is kept in Toronto, Ontario. See "Organization and Management Details of the Scotia ETFs – Transfer Agent and Registrar".
Lending Agent:	State Street Bank and Trust Company may act as the securities lending agent for the Scotia ETFs pursuant to a Securities Lending Agreement. See "Organization and Management Details of the Scotia ETFs –Lending Agent".
Auditors:	PricewaterhouseCoopers LLP, at their principal offices in Toronto, Ontario, are the auditors of the Scotia ETFs. The auditors will audit each Scotia ETF's annual financial statements and provide an opinion as to whether they present fairly the Scotia ETF's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards. The auditors are independent with respect to the Scotia

ETFs within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

See “Organization and Management Details of the Scotia ETFs – Auditors”.

Summary of Fees and Expenses

The following table lists the fees and expenses that an investor may have to pay if the investor invests in the Scotia ETFs. An investor may have to pay some of these fees and expenses directly. The Scotia ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Scotia ETFs. See “Fees and Expenses”.

Fees and Expenses Payable by the Scotia ETFs

Type of Fee	Amount and Description
Management Fee:	Annual management fees (the “**Management Fees**”) are paid by the Scotia ETFs to the Manager in consideration for providing, or arranging for the provision of, management, trustee, portfolio advisory and custodial services, maintaining portfolio systems used to manage the Scotia ETFs, maintaining the website of the Scotia ETFs, marketing and promotional services and the payment of fees for sub-advisory services. See “Organization and Management Details – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager. The Management Fee is based on a percentage of the NAV of each of the following Scotia ETFs and is listed below:

Scotia ETFs	Management Fee (annual rate)
SFIX	0.45%
SCAD	0.60%
SUSA	0.60%
SINT	0.60%

	The Management Fees paid to the Manager by each Scotia ETF are calculated and accrued daily and are paid monthly. The Management Fees are exclusive of HST. The Manager is responsible for each of the Scotia ETF’s fees and expenses except the fees and expenses payable by the Scotia ETFs described under “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs”. The fees and expenses for which the Manager is responsible include the fees payable to the Sub-Advisor, Custodian, Registrar and Transfer Agent and other service providers retained by the Manager as described under “Organization and Management Details of the Scotia ETFs – Manager”. See “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs - Management Fee”.
Management Fee Distributions:	To encourage very large investments in the Scotia ETFs and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from a Scotia ETF with respect to investments in the Scotia ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the Scotia ETF under administration and the expected amount of account activity. An amount equal to the

difference between the fee otherwise chargeable and the reduced fee of the Scotia ETF will be distributed quarterly in cash by the Scotia ETF, at the discretion of the Manager, to those Unitholders as management fee distributions. See “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs - Management Fee Distributions”.

Underlying ETF Fees: The Scotia ETFs may invest in one or more Underlying ETFs that charges a management fee (“**Underlying Fund Management Fees**”). To ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party. See “Investment Strategies – Investment in other Investment Funds or Exchange Traded Funds” and “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs - Underlying ETF Fees”.

Operating Expenses: The Scotia ETFs are also responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions, fees relating to the usage of derivatives, income tax, HST, withholding and other taxes.

A Scotia ETF is required to pay HST on management fees charged to the Scotia ETF. In general, the total HST paid by a Scotia ETF will depend on the distribution by provincial residence of a Scotia ETF’s Unitholders. Changes in existing HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of a Scotia ETF’s Unitholders will have an impact on the management expense ratio of a Scotia ETF year over year.

There are certain fees and expenses payable, directly or indirectly, by the Underlying ETFs whose securities may be held by the Scotia ETFs, in addition to the fees and expenses directly payable by the Scotia ETFs. The Scotia ETFs indirectly bear their share of such fees and expenses. However, to ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party. See “Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs – Operating Expenses”.

Expenses of the Issue: Apart from the initial organizational costs of a Scotia ETF, all expenses related to the issuance of Units of a Scotia ETF shall be borne by the Scotia ETF unless otherwise waived or reimbursed by the Manager. See “Fees and Expenses”.

Fees and Expenses Payable Directly by Unitholders

Administration Fee: An amount as may be agreed to between the Manager and the Designated Broker or Dealer, of a Scotia ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Scotia ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

See “Exchange and Redemption of Units – Administration Fee”.

OVERVIEW OF THE LEGAL STRUCTURE OF THE SCOTIA ETFs

The Scotia ETFs are exchange traded mutual funds established under the laws of the province of Ontario, pursuant to the terms of the Declaration of Trust. Each Scotia ETF is a mutual fund under Canadian Securities Legislation. 1832 Asset Management L.P. is the trustee, manager and investment manager of the Scotia ETFs and is responsible for the administration of the Scotia ETFs.

The principal office of the Scotia ETFs and the Manager is located at 1 Adelaide Street East, 28th Floor, Toronto, Ontario, M5C 2V9.

The following chart sets out the full legal name as well as the TSX ticker symbol for each of the Scotia ETFs:

Scotia ETFs	**TSX Ticker Symbol**
Scotia Strategic Fixed Income ETF Portfolio	SFIX
Scotia Strategic Canadian Equity ETF Portfolio	SCAD
Scotia Strategic U.S. Equity ETF Portfolio	SUSA
Scotia Strategic International Equity ETF Portfolio	SINT

INVESTMENT OBJECTIVES

Scotia Strategic Fixed Income ETF Portfolio

SFIX seeks to provide a combination of income and modest capital gains by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to fixed income securities.

Scotia Strategic Canadian Equity ETF Portfolio

SCAD seeks to provide long-term capital growth by investing primarily in securities issued by Canadian exchange-traded funds that provide exposure to equity securities of issuers listed in Canada.

Scotia Strategic U.S. Equity ETF Portfolio

SUSA seeks to provide long-term capital growth by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to equity securities of issuers listed in the U.S.

Scotia Strategic International Equity ETF Portfolio

SINT seeks to provide long-term capital growth by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to equity securities of issuers listed in international developed and developing markets.

The investment objective of each Scotia ETF may not be changed except with the approval of its Unitholders. See “Unitholder Matters”.

INVESTMENT STRATEGIES

Scotia Strategic Fixed Income ETF Portfolio

The Manager uses a disciplined investment approach to assess an investment universe comprised of a diversified selection of fixed income securities. To construct an optimized portfolio, the Manager employs a strategic approach to asset allocation within the fixed income asset class and a bottom-up analysis to carefully construct a model portfolio by selecting one or more exchange traded funds (“**Underlying ETFs**”) in accordance with the Scotia ETF’s investment objectives.

Based on the model portfolio constructed by the Manager, the Sub-Advisor may invest up to 100% of the portfolio’s assets in fixed income securities by investing in one or more Underlying ETFs listed on an exchange in Canada or the United States. The Underlying ETFs in which the portfolio is invested may include but are not limited to index-based, factor-based and actively managed exchange traded funds that are selected by the Manager to provide diversified fixed income exposure.

Scotia Strategic Canadian Equity ETF Portfolio

The Manager uses a disciplined investment approach to assess an investment universe comprised of a diversified selection of Canadian equity securities. To construct an optimized portfolio, the Manager employs a strategic approach to asset allocation within the equity asset class in Canada and a bottom-up analysis to carefully construct a model portfolio by selecting one or more Underlying ETFs in accordance with the Scotia ETF's investment objectives.

Based on the model portfolio constructed by the Manager, the Sub-Advisor may invest up to 100% of the portfolio's assets in Canadian equity securities by investing in one or more Underlying ETFs listed on an exchange in Canada. The Underlying ETFs in which the portfolio is invested may include but are not limited to index-based, factor-based and actively managed exchange traded funds that are selected by the Manager to provide diversified Canadian equity exposure.

Scotia Strategic U.S. Equity ETF Portfolio

The Manager uses a disciplined investment approach to assess an investment universe comprised of a diversified selection of U.S. equity securities. To construct an optimized portfolio, the Manager employs a strategic approach to asset allocation within the equity asset class in the U.S. and a bottom-up analysis to carefully construct a model portfolio by selecting one or more Underlying ETFs in accordance with the Scotia ETF's investment objectives.

Based on the model portfolio constructed by the Manager, the Sub-Advisor may invest up to 100% of the portfolio's assets in U.S. equity securities by investing in one or more Underlying ETFs listed on an exchange in Canada or the United States. The Underlying ETFs in which the portfolio is invested may include but are not limited to index-based, factor-based and actively managed exchange traded funds that are selected by the Manager to provide diversified U.S. equity exposure.

Scotia Strategic International Equity ETF Portfolio

The Manager uses a disciplined investment approach to assess an investment universe comprised of a diversified selection of international equity securities. To construct an optimized portfolio, the Manager employs a strategic approach to asset allocation within the equity asset class anywhere in the world except Canada and the U.S. and a bottom-up analysis to carefully construct a model portfolio by selecting one or more Underlying ETFs in accordance with the Scotia ETF's investment objectives.

Based on the model portfolio constructed by the Manager, the Sub-Advisor may invest up to 100% of the portfolio's assets in international equity securities by investing in one or more Underlying ETFs listed on an exchange in Canada or the United States. The Underlying ETFs in which the portfolio is invested may include but are not limited to index-based, factor-based and actively managed exchange traded funds that are selected by the Manager to provide diversified international equity exposure.

General Investment Strategies

The Sub-Advisor will adjust the composition of the portfolio of each Scotia ETF to reflect changes in the model portfolio provided by the Manager to the Sub-Advisor from time to time. Each Scotia ETF's portfolio is reviewed on an ongoing basis by the Manager to ensure adherence with its stated investment objective. The portfolio holdings and weightings of the Underlying ETFs in a Scotia ETF's portfolio may be changed at any time, at the discretion of the Manager. The composition of a Scotia ETF's portfolio will vary over time, generally as a result of changes to its model portfolio, but may also vary due to changes in the market value of Underlying ETFs following implementation of a model portfolio, and the Sub-Advisor's management of the portfolio, including as a result of subscriptions, redemptions and exchanges, corporate actions affecting an Underlying ETF, payment of fund expenses and/or the reinvestment of cash.

In addition to investing in the Underlying ETFs, the Scotia ETFs may also invest, directly or indirectly, in a portfolio comprised of various securities and instruments which may include, but are not limited to, equity and equity related securities, fixed income securities and futures contracts (provided such investments are consistent with such Scotia ETF's investment objectives and strategies). Equity related securities held by the Scotia ETFs may include, but are not limited to, ADRs, convertible debt, income trust units, single issuer equity options, preferred shares and warrants. If market conditions require, in order to preserve capital, a Scotia ETF may seek to invest a substantial portion of its assets in cash and cash equivalents or other money market instruments in order to meet their current obligations.

Investment in other Investment Funds or Exchange Traded Funds

In accordance with applicable securities legislation, including NI 81-102 or an exemption therefrom, a Scotia ETF may invest in one or more Underlying ETFs listed on a stock exchange in Canada or the United States. Such Underlying ETFs may themselves invest in securities of other investment funds, which may be managed by the same, affiliated or third-party investment fund managers. To ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

The Manager, on behalf of the Scotia ETFs, has obtained exemptive relief from the Canadian securities regulatory authorities to invest in certain exchange traded funds listed on a recognized exchange in Canada that are not "index participation units". Accordingly, the Underlying ETFs in which a Scotia ETF invests may include Canadian or U.S. index-based exchange traded funds (i.e. "index participation units"), Canadian factor-based exchange traded funds and Canadian actively-managed exchange traded funds. See "Exemptions and Approvals".

Use of Derivatives

A Scotia ETF may use derivative instruments from time to time for hedging or investment purposes. For example, a Scotia ETF may use derivatives to gain exposure to a particular issuer or class of issuers in circumstances where the Manager has determined that synthetic exposure would be preferable to a direct investment. Any use of derivative instruments by a Scotia ETF must be in compliance with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Scotia ETF.

Currency Hedging

A Scotia ETF may invest in unhedged, currency hedged or actively hedged securities of an Underlying ETF. Other than through investments in an Underlying ETF that engages in currency hedging, the Scotia ETFs' exposure to foreign currencies will not be hedged back to the Canadian dollar by the Manager or Sub-Advisor.

Securities Lending

A Scotia ETF may, in compliance with NI 81-102, lend securities to securities borrowers that are acceptable to it pursuant to the terms of a Securities Lending Agreement under which: (i) the borrower will pay to the Scotia ETF a negotiated securities lending fee and will make compensation payments to the Scotia ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Scotia ETF will receive collateral security. The Lending Agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. Any securities lending revenue earned by a Scotia ETF will be credited to the account of that Scotia ETF.

Pursuant to the requirements of NI 81-102, the Manager intends to manage the risks associated with securities lending by requiring that each Securities Lending Agreement be, at a minimum, secured by investment grade securities or cash with a value of at least 102% of the market value of the securities subject to the transaction. The amount of collateral will be adjusted daily to ensure this collateral coverage is maintained at all times. All such securities loans will only be with parties the Manager considers to be qualified borrowers. In the case of securities lending or repurchase transactions, the aggregate market value of all securities lent and sold by a Scotia ETF will not exceed more than 50% of the NAV of that Scotia ETF immediately after the Scotia ETF enters into such a transaction.

Policies and procedures relating to any securities lending, repurchase and reverse repurchase transaction entered into on behalf of a Scotia ETF will be developed by the Manager and the Lending Agent in administering the transaction. Such policies and procedures will set out (i) the objectives and goals for securities lending, repurchase transactions or reverse repurchase transactions and (ii) the risk management procedures, including limits and other controls on such transactions, applicable to the Scotia ETFs.

The creditworthiness of each qualified borrower to a securities loan will be evaluated by the Manager. Any agreements, policies and procedures that are applicable to a Scotia ETF relating to securities lending will be reviewed and approved annually by senior management of the Manager. At present, there are no simulations used to test the portfolios under stress conditions to measure risk in connection with the use of securities lending transactions.

OVERVIEW OF THE SECTORS IN WHICH THE SCOTIA ETFs INVEST

Please see “Investment Objectives” and “Investment Strategies” for additional information on the sectors applicable to each Scotia ETF.

INVESTMENT RESTRICTIONS

The Scotia ETFs are subject to certain investment restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the Scotia ETFs are diversified and relatively liquid, and to ensure their proper administration. A change to the fundamental investment objectives of a Scotia ETF would require the approval of the Unitholders of that Scotia ETF. Please see “Unitholder Matters – Matters Requiring Unitholder Approval”.

Subject to the following, and any exemptive relief that has been or will be obtained, the Scotia ETFs are managed in accordance with the investment restrictions and practices set out in the applicable securities legislation, including NI 81-102. See “Exemptions and Approvals”.

Tax Related Investment Restriction

A Scotia ETF will not make an investment or conduct any activity that would (i) result in the Scotia ETF failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act, or (ii) being subject to the tax applicable to “SIFT trusts” for purposes of the Tax Act.

FEES AND EXPENSES

This section details the fees and expenses that an investor may have to pay if the investor invests in the Scotia ETFs. An investor may have to pay some of these fees and expenses directly. The Scotia ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Scotia ETFs.

Fees and Expenses Payable by the Scotia ETFs

Management Fees

Annual management fees (the “**Management Fees**”) are paid by the Scotia ETFs to the Manager in consideration for providing, or arranging for the provision of, management, trustee, portfolio advisory and custodial services, maintaining portfolio systems used to manage the Scotia ETFs, maintaining the website of the Scotia ETFs, marketing and promotional services and the payment of fees for sub-advisory services. See “Organization and Management Details – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.

The Management Fee is based on a percentage of the NAV of each of the following Scotia ETFs and is listed below:

Scotia ETFs	**Management Fee (annual rate)**
Scotia Strategic Fixed Income ETF Portfolio	0.45%
Scotia Strategic Canadian Equity ETF Portfolio	0.60%
Scotia Strategic U.S. Equity ETF Portfolio	0.60%

Scotia Strategic International Equity ETF Portfolio	0.60%

The Management Fees paid to the Manager by each Scotia ETF are calculated and accrued daily and are generally paid monthly, but in any case not less than quarterly. The Management Fees are exclusive of HST.

The Manager is responsible for each of the Scotia ETF's fees and expenses except the fees and expenses payable by the Scotia ETFs described under "Fees and Expenses – Fees and Expenses Payable by the Scotia ETFs". The fees and expenses for which the Manager is responsible include the fees payable to the Sub-Advisor, Custodian, Registrar and Transfer Agent and other service providers retained by the Manager as described under "Organization and Management Details of the Scotia ETFs – Manager".

Management Fee Distributions

To encourage very large investments in the Scotia ETFs and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from a Scotia ETF with respect to investments in the Scotia ETF by Unitholders that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the Scotia ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the Scotia ETF will be distributed quarterly in cash by the Scotia ETF, at the discretion of the Manager, to those Unitholders as management fee distributions (the "**Management Fee Distributions**").

The availability and amount of Management Fee Distributions with respect to Units of a Scotia ETF will be determined by the Manager. Management Fee Distributions for a Scotia ETF will generally be calculated and applied based on a Unitholder's average holdings of Units of the Scotia ETF over each applicable period as specified by the Manager from time to time. Management Fee Distributions will be available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other CDS Participants that hold Units on behalf of beneficial owners. Management Fee Distributions will be paid first out of net income of the Scotia ETF, then out of capital gains of the Scotia ETF and thereafter out of capital. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units of a Scotia ETF must submit a claim for a Management Fee Distribution that is verified by a CDS Participant on the beneficial owner's behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by a Scotia ETF generally will be borne by the Unitholders of the Scotia ETF receiving these distributions from the Manager.

Underlying ETF Fees

The Scotia ETFs may invest in one or more Underlying ETFs that charges a management fee ("**Underlying Fund Management Fees**"). To ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

Operating Expenses

The Scotia ETFs are also responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions, fees relating to the usage of derivatives, income tax, HST, withholding and other taxes.

A Scotia ETF is required to pay HST on management fees charged to the Scotia ETF. In general, the total HST paid by a Scotia ETF will depend on the distribution by provincial residence of a Scotia ETF's Unitholders. Changes in existing HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of a Scotia ETF's Unitholders will have an impact on the management expense ratio of a Scotia ETF year over year.

There are certain fees and expenses payable, directly or indirectly, by the Underlying ETFs whose securities may be held by the Scotia ETFs, in addition to the fees and expenses directly payable by the Scotia ETFs. The Scotia ETFs indirectly bear their share of such fees and expenses. However, to ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

Expenses of Issue

Apart from the initial organizational costs of a Scotia ETF, all expenses related to the issuance of Units of a Scotia ETF shall be borne by the Scotia ETF unless otherwise waived or reimbursed by the Manager.

Fees and Expenses Payable Directly by the Unitholders

Administration Fees

An amount as may be agreed to between the Manager and the Designated Broker or Dealer, of a Scotia ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Scotia ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units that prospective investors should consider before purchasing such Units:

General Risks Relating to an Investment in the Scotia ETFs

No Guaranteed Return

There is no guarantee that an investment in a Scotia ETF will earn any positive return. The value of the Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting a Scotia ETF's investments. All prospective Unitholders should consider an investment in a Scotia ETF within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons.

General Risks of Investments

The value of the underlying securities of a Scotia ETF, whether held directly or indirectly, may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities, the condition of equity and currency markets generally and other factors. The identity and weighting of the Constituent Issuers and Constituent Securities in a Scotia ETF also change from time to time.

The risks inherent in investments in equity securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the Constituent Securities and, as a result, a decrease in the value of the Units of a Scotia ETF). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises.

Asset Class Risk

The Constituent Securities may underperform the returns of other securities that track other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

Issuer Risk

Changes in the financial condition of a company or other issuer, changes in specific market, economic, political, regulatory, geopolitical, and other conditions that affect a particular type of investment or issuer, and changes in general market, economic, political, regulatory, geopolitical and other conditions can adversely affect the price of an investment. The prices of securities of smaller, less well-known issuers can be more volatile than the prices of securities of larger issuers or the market in general.

Illiquid Securities Risk

Liquidity risk is the risk that a Scotia ETF may not be able to dispose of securities or close out derivatives transactions readily at favorable times or prices (or at all) or at prices approximating those at which a Scotia ETF currently values them. For example, certain investments may be subject to restrictions on resale, may trade in the over-the-counter market or in limited volume, or may not have an active trading market. Illiquid securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. It may be difficult for a Scotia ETF to value illiquid securities accurately. The market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. Disposal of illiquid securities may entail registration expenses and other transaction costs that are higher than those for liquid securities.

Reliance on Key Personnel

Unitholders will be dependent on the abilities of the Manager and Sub-Advisor, as applicable, to effectively manage the Scotia ETFs in a manner consistent with their investment objectives, investment strategies and investment restrictions. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Scotia ETFs will continue to be employed by the Manager and Sub-Advisor, as applicable.

Trading Price of Units

Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in a Scotia ETF's NAV, as well as market supply and demand on the TSX.

Fluctuations in NAV and NAV per Unit

The NAV and NAV per Unit of a Scotia ETF will vary according to, among other things, the value of the securities held by the Scotia ETF. The Manager and the Scotia ETF have no control over the factors that affect the value of the securities held by the Scotia ETF, including factors that affect the equity markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to each Constituent Issuer, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

Cease Trading of Securities Risk

If the securities of an issuer included in the portfolio of a Scotia ETF are cease-traded by order of the relevant Securities Regulatory Authority or are halted from trading by the relevant stock exchange, the applicable Scotia ETF may halt trading in its securities. Accordingly, securities of a Scotia ETF bear the risk of cease-trading orders against all issuers whose securities are included in its portfolio, not just one. If portfolio securities of the Scotia ETFs are cease-traded by order of a Securities Regulatory Authority, if normal trading of such securities is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for such securities, the Scotia ETFs may suspend the right to redeem securities for cash as described under "Exchange and

Redemption of Units – Suspension of Exchanges and Redemptions", subject to any required prior regulatory approval. If the right to redeem securities for cash is suspended, the Scotia ETFs may return redemption requests to securityholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNU for a Basket of Securities until such time as the cease-trade order is lifted.

Concentration Risk

A Scotia ETF may have more of its net assets invested in one or more Constituent Issuers than is typical for many investment funds. In these circumstances, the Scotia ETF may be affected more by the performance of individual issuers in its portfolio, with the result that the NAV of the Scotia ETF may be more volatile and may fluctuate more over short periods of time than the NAV of a more broadly diversified investment fund. In addition, this may increase the liquidity risk of these Scotia ETFs which may, in turn, have an effect on the Scotia ETFs' ability to satisfy redemption requests.

Use of Derivative Instruments

Each Scotia ETF may use derivative instruments from time to time in accordance with NI 81-102 as described under "Investment Strategies". The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Scotia ETF wants to complete the derivative contract, which could prevent the Scotia ETF from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Scotia ETF from completing the derivative contract; (iv) the Scotia ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if the Scotia ETF has an open position in an option, a futures contract or a forward contract or a swap with a counterparty who goes bankrupt, the Scotia ETF could experience a loss and, for an open futures or forward contract or a swap, a loss of margin deposits with that counterparty; and (vi) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative.

Risk of Volatile Markets

Market prices of investments held by a Scotia ETF will go up or down, sometimes rapidly or unpredictably. Each Scotia ETF's investments are subject to changes in general economic conditions, market fluctuations and the risks inherent in investment in securities markets. Investment markets can be volatile and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, changes in actual or perceived creditworthiness of issuers and general market liquidity. Even if general economic conditions do not change, the value of an investment in a Scotia ETF could decline if the particular industries, sectors or companies in which a Scotia ETF invests do not perform well or are adversely affected by events. Further, legal, political, regulatory and tax changes also may cause fluctuations in markets and securities prices.

Changes in Legislation

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Scotia ETFs or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, SIFT trusts or an investment in a non-resident trust will not be changed in a manner that adversely affects the Scotia ETFs or the Unitholders.

Changes in domestic and foreign tax laws, regulatory laws, or the administrative practices or policies of a tax or regulatory authority may adversely affect the Scotia ETF and its investors. For example, the domestic and foreign tax and regulatory environment for derivative instruments is evolving, and changes in the taxation or regulation of derivative instruments may adversely affect the value of derivative instruments held by the Scotia ETF and the ability of the Scotia ETF to pursue its investment strategies. In addition, interpretation of the law and the application of administrative practices or policies by a taxation authority may also affect the characterization of the Scotia ETF's earnings as capital gains or income. In such a case, the net income of the Scotia ETF for tax purposes and the taxable component of distributions to investors could be determined to be more than originally reported, with the result that investors or the Scotia ETF could be liable to pay additional income tax. Any liability imposed on the Scotia ETF may reduce the value of the Scotia ETF and the value of an investor's investment in the Scotia ETF.

Significant Unitholder Risk

Some Scotia ETFs may have particular investors who own a large proportion of the outstanding Units of it. For example, institutions such as banks and insurance companies or fund companies may purchase Units of the Scotia ETFs for their own mutual funds, including affiliated mutual funds of the Scotia ETFs, segregated investment funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of Units of a Scotia ETF.

If one of those investors redeems a large amount of their investment in a Scotia ETF, the Scotia ETF may have to sell a significant portion of its portfolio investments at unfavourable prices to meet a redemption request, which can result in significant price fluctuations to the NAV of the Scotia ETF and may potentially reduce the returns of the Scotia ETF. Conversely, if a large investor were to increase its investment in a Scotia ETF, that Scotia ETF may have to hold a relatively large portion in cash for a period of time until the Manager or Sub-Advisor, as applicable, finds suitable investments, which could also negatively impact the performance of the Scotia ETF.

Settlement Risk

Markets in different countries have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions. Delays in settlement may increase credit risk to a Scotia ETF's portfolio, limit the ability of a Scotia ETF to reinvest the proceeds of a sale of securities, hinder the ability of a Scotia ETF to lend its portfolio securities, and potentially subject a Scotia ETF to penalties for its failure to deliver. Delays in the settlement of securities purchased by a Scotia ETF may limit the ability of the Scotia ETF to sell those securities at prices it considers desirable, and may subject the Scotia ETF to losses and costs due to its own inability to settle with subsequent purchasers of the securities from it.

Taxation of the Scotia ETFs

It is anticipated that each Scotia ETF will qualify, or will be deemed to qualify, at all times as a "mutual fund trust" within the meaning of the Tax Act. For a Scotia ETF to qualify as a "mutual fund trust", it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the Scotia ETF and the dispersal of ownership of its Units.

A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be "taxable Canadian property" (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. The Scotia ETFs contain a restriction on the number of permitted non-resident Unitholders. See "Plan of Distribution – Non-Resident Unitholders".

Each of the Scotia ETFs is expected to meet all the requirements to qualify as a "mutual fund trust" for the purposes of the Tax Act before the 91st day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to "loss restriction events"). Assuming the Scotia ETFs meet these requirements before such day, each Scotia ETF will file an election to qualify as a mutual fund trust from its inception in 2018.

If a Scotia ETF does not qualify as a mutual fund trust or were to cease to so qualify, the income tax considerations as described under "Income Tax Considerations" would in some respects be materially different.

The tax treatment of gains and losses realized by each Scotia ETF will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph. In determining its income for tax purposes, each Scotia ETF will treat gains or losses realized on the disposition of portfolio securities held by it as capital gains and losses. Designations with respect to each Scotia ETF's income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these foregoing dispositions or transactions of a Scotia ETF are determined not to be on capital account, the net income of the Scotia ETF for tax purposes and the taxable component of distributions to its Unitholders could increase. Any such redetermination by the CRA may result in a Scotia ETF being liable for unremitted withholding taxes on prior distributions made to its Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV and NAV per Unit of that Scotia ETF.

The Tax Act contains rules (the "**DFA Rules**") that target financial arrangements (referred to as "derivative forward agreements") that seek to deliver a return based on an "underlying interest" (other than certain excluded underlying interests). The DFA Rules are broad in scope and could apply to other agreements or transactions. If the DFA Rules were to apply in respect of derivatives utilized by a Scotia ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

Pursuant to rules in the Tax Act, a Scotia ETF that experiences a "loss restriction event" (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Scotia ETF's net income and net realized capital gains, if any, at such time to Unitholders so that the Scotia ETF is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, a Scotia ETF will be subject to a loss restriction event if a Unitholder becomes a "majority-interest beneficiary", or a group of persons becomes a "majority-interest group of beneficiaries", of the Scotia ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a Scotia ETF is a beneficiary in the income or capital, as the case may be, of the Scotia ETF whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Scotia ETF. Please see "Income Tax Considerations – Taxation of Holders" for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as "investment funds" as defined in the rules in the Tax Act relating to loss restriction events are generally exempted from the application of such rules. An "investment fund" for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a "mutual fund trust" for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset diversification requirements. If a Scotia ETF were not to qualify as an "investment fund", it could potentially have an LRE and thereby become subject to the related tax consequences described above.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as "non-portfolio property". A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust's income earned from "non-portfolio property" to the extent that such income is distributed to its unitholders. The Scotia ETFs will not be subject to tax under these rules as the Scotia ETFs are not expected to hold any non-portfolio property. If a Scotia ETF is subject to tax under the SIFT Rules, the after-tax return to its Unitholders could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

Certain of the Scotia ETFs will invest in global equity securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital ("**Tax Treaties**") to impose tax on dividends, interest or distributions paid or credited to persons who are not resident in such countries. Under foreign tax laws and subject to any applicable Tax Treaties, investments in global equity and debt securities may subject the Scotia ETFs to foreign taxes on dividends, interest or distributions paid or credited to them or any gains realized on the disposition of such securities. Any foreign taxes incurred by a Scotia ETF will generally reduce the value of its portfolio. To the extent that such foreign tax paid by a Scotia ETF exceeds 15% of the amount included in the Scotia ETF's income from such investments, such excess may generally be deducted by the Scotia ETF in computing its net income for the purposes of the Tax Act. To the extent that foreign tax paid does not exceed 15% of the amount included in the Scotia ETF's income from such investments and has not been deducted in computing the Scotia ETF's income and the Scotia ETF designates its income from a foreign source in respect of a Unitholder of the Scotia ETF, the Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Unitholder's proportionate share of foreign taxes paid by the Scotia ETF in respect of such income as foreign taxes paid by the Unitholder. The availability of foreign tax credits to a Unitholder of a Scotia ETF is subject to the detailed rules in the Tax Act.

Valuation Risk

Some portfolio holdings, and potentially a large portion of a Scotia ETF's investment portfolio, may be valued on the basis of factors other than market quotations. This may occur more often in times of market turmoil or reduced liquidity. There are multiple methods that can be used to value a portfolio holding when market quotations are not readily available. The value established for any portfolio holding at a point in time might differ from what would be produced using a different methodology or if it had been priced using market quotations. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. In addition, there is no assurance that a Scotia ETF could sell or close out a portfolio position for the value established for it at any time, and a Scotia ETF could incur a loss because a portfolio position is sold or closed out at a discount to the valuation established by a Scotia ETF at that time.

Cybersecurity Risk

Technology is used in virtually all aspects of the Manager's business and operations and those of a Scotia ETF and other service providers. The Manager has a robust and evolving information security program that features policies, processes, technologies and dedicated professionals that protect information, systems and networks. Despite this, there can be no assurances that these measures will be successful in every instance in protecting our networks and information assets against attacks. The Manager and its service providers may not be able to anticipate or to implement effective preventive measures against all disruptions or privacy and security breaches, especially as attack techniques change frequently, increase in sophistication, are often not recognizable until launched, and can originate from a wide variety of sources. The Manager is likely to continue to be the target of cyberattacks that could result in the violation of privacy laws or information security regulations, or that could materially disrupt network access or business operations. This may result in the disclosure of confidential information, access to sensitive information or destruction or corruption of data.

Lack of Operating History

The Scotia ETFs are newly organized investment trusts with no operating history. Although the Scotia ETFs may be listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

Cease Trading of Units

If Constituent Securities of a Scotia ETF are cease-traded at any time by a Securities Regulatory Authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units of the applicable Scotia ETF until such time as the transfer of the securities is permitted as described under "Exchange and Redemption of Units – Suspension of Exchanges and Redemptions".

U.S. Withholding Tax Risk

As a Scotia ETF's portfolio may consist of securities issued by foreign issuers, distributions received by such Scotia ETF on the securities in its portfolio may be subject to foreign withholding tax. The return on such a Scotia ETF's portfolio will be net of such foreign withholding tax, unless the terms of the securities in its portfolio require the issuers of such securities to "gross-up" distributions and gains, as applicable, so that a holder of such securities receives the amount that it would have received in the absence of such withholding tax. There can be no assurances that (i) distributions and gains on securities held in a Scotia ETF's portfolio will not be subject to foreign withholding tax or (ii) the terms of securities held in a Scotia ETF's portfolio will provide for the gross-up referred to above.

Additional Risks Relating to an Investment in each Scotia ETF

In addition to the general risk factors, the following additional risk factors are inherent in an investment in one or more of the Scotia ETFs as indicated in the table below. A description of each of these risks follows the table.

Scotia ETF Specific Risks	SFIX	SCAD	SUSA	SINT
Country Risk		✓	✓	

Credit Rating Related Risk	✓			
Currency Fluctuation Risk	✓		✓	✓
Developing Markets Risk				✓
Foreign Investment Risk	✓		✓	✓
General Risks of Equity Investments		✓	✓	✓
General Risks of Fixed Income Securities	✓			
Portfolio Management Risk	✓	✓	✓	✓
Preferred Shares Risk	✓			
Securities Lending Risk	✓	✓	✓	✓
Risks of Investments in U.S. Listed ETFs	✓		✓	✓
Underlying ETF Risk	✓	✓	✓	✓

Country Risk

A Scotia ETF that invests primarily in a specific region or country may be more volatile than a more geographically diversified fund, and will be strongly affected by the overall economic performance of that specific region or country. The Scotia ETF must continue to follow its investment objectives regardless of the economic performance of a specific region or country.

Credit Rating Related Risk

The possibility that any Constituent Security held by a Scotia ETF, whether directly or indirectly, could have its credit rating downgraded or that it could default by failing to make scheduled dividend payments or payments of redemption proceeds could potentially reduce the Scotia ETF's income and Unit price.

A Scotia ETF may gain exposure to fixed-income securities directly or through the use of futures and other derivative contracts, or indirectly through other exchange-traded funds. The value of fixed-income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities issued by issuers that have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating. Although generally considered less volatile than equity securities, certain types of fixed-income securities and certain market conditions may result in significant volatility in the value of one or more fixed-income investments to which a Scotia ETF may be exposed.

Currency Fluctuation Risk

Direct or indirect investments in issuers in different countries are often denominated in currencies different from a Scotia ETF's base currency. The NAV of the Units of such Scotia ETF, when measured in the base currency in which the Units are denominated, will, to the extent this has not been hedged against, be affected by changes in the value of the foreign currencies relative to the base currency which may have a positive or negative effect on the values of a Scotia ETF's investments denominated in those currencies.

The values of other currencies relative to a Scotia ETF's base currency may fluctuate in response to, among other factors, interest rate changes, intervention (or failure to intervene) by national governments, central banks, or supranational entities such as the International Monetary Fund, the imposition of currency controls, and other political or regulatory developments. Currency values can decrease significantly both in the short term and over the long term in response to these and other developments.

Developing Markets Risk

There is a chance that the securities of issuers in which the Scotia ETFs invest, whether directly or indirectly, that are located in developing markets will be substantially more volatile, and substantially less liquid, than the securities of issuers located in more developed foreign markets

Foreign Investment Risk

A Scotia ETF may invest, directly or indirectly, in foreign securities. In addition to the general risks associated with equity and fixed income investments, investments in foreign securities may involve unique risks not typically associated with investing in Canada. Foreign exchanges may be open on days when a Scotia ETF or an underlying investment fund do not price their securities and, therefore, the value of the securities traded on such exchanges may change on days when investors are not able to purchase or sell Units. Information about corporations not subject to Canadian reporting requirements may not be complete, may not reflect the extensive accounting or auditing standards required in Canada and may not be subject to the same level of government supervision or regulation as would be the case in Canada.

Some foreign securities markets may be volatile or lack liquidity and some foreign markets may have higher transaction and custody costs and delays in attendant settlement procedures. In some countries, there may be difficulties in enforcing contractual obligations and investments could be affected by political instability, social instability, expropriation or confiscatory taxation.

In the case of a Scotia ETF holding foreign securities, whether directly or indirectly, dividends, interest or distributions on those foreign securities may be subject to withholding taxes.

General Risks of Equity Investments

The market prices of equity securities owned by a Scotia ETF, whether directly or indirectly, may go up or down, sometimes rapidly or unpredictably. The value of a security may decline for a number of reasons that may directly relate to the issuer, such as management performance, financial leverage, non-compliance with regulatory requirements, and reduced demand for the issuer’s goods or services. The values of equity securities also may decline due to general industry or market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.

Holders of equity securities of an issuer incur more risk than holders of debt obligations of such issuer because shareholders, as owners of such issuer, have generally inferior rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations issued by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity.

Distributions on the Units will generally depend upon the declaration of dividends or distributions on the Constituent Securities. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the Constituent Issuers and general economic conditions. Therefore, there can be no assurance that the Constituent Issuers will pay dividends or distributions on Constituent Securities.

General Risks of Fixed Income Securities

Investment in a Scotia ETF should be made with an understanding that the value of the underlying debt securities will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and will increase in value when interest rates decline. Securities with longer durations tend to be more interest rate sensitive, which may make them more volatile than securities with shorter durations. The NAV of a Scotia ETF will fluctuate with interest rate changes and the corresponding changes in the value of the debt securities held by the Scotia ETF.

Portfolio Management Risk

The investment portfolios of the Scotia ETFs are subject to a degree of management risk. The Manager’s and Sub-Advisor’s judgments, as applicable, about the implementation of a strategy or the attractiveness, relative value, or potential appreciation of a particular sector, security, or investment strategy may prove incorrect and may cause the Scotia ETFs to incur losses. There can be no assurance that the Manager’s or the Sub-Advisor’s investment techniques and decisions will produce the desired results.

Preferred Shares Risk

Preferred shares and debt securities involve risks of default on interest, dividends and/or principal and price changes due to such factors such as an issuer's credit worthiness, changes in interest rates and general economic conditions. Unlike interest payments on a debt security, there is generally no obligation to make dividend payments on a preferred share (even if such dividends have accrued), and the payment of dividends on preferred shares may be suspended at any time. In the event that an issuer of preferred shares experiences economic difficulties, the issuer's preferred shares may lose substantial value due to the reduced likelihood that a dividend will be declared and the fact that the preferred shares may be subordinated to other securities of the same issuer. In addition, the ability of the board of directors of an issuer to declare dividends (even if such dividends have accrued) on outstanding preferred shares may be constrained by restrictions imposed by such issuer's lenders.

Many issuers of preferred shares have a right to prepay or call their securities. If interest rates fall, the issuer of preferred shares may call (or redeem) such preferred shares and replace them with a new preferred share issue at lower rates, conventional debt, or perhaps even equity. If preferred shares owned by a Scotia ETF are prepaid, called or redeemed, the Scotia ETF typically will be forced to reinvest proceeds at a time when yields on securities available in the market are lower than the yield on the security prepaid, called or redeemed. The Scotia ETF may also lose any premium it paid on the security.

During periods of rising interest rates, an issuer may, if it has such rights, exercise its rights to pay the redemption amount on preferred shares later than expected. Under these circumstances, the value of the preferred shares will decrease causing the value of the Scotia ETF's investments to decline.

As many preferred shares pay dividends at a fixed rate, their market price can be sensitive to changes in interest rates in a manner similar to bonds in that, as interest rates decline the market value of fixed income securities tends to increase. Conversely, when interest rates increase, the market value of fixed income securities tends to decline. To the extent that a Scotia ETF invests in, or is exposed to, fixed rate securities, rising interest rates may cause the value of the Scotia ETF's investments to decline significantly. The volatility of a security's market value will differ depending upon the security's duration, the issuer and the type of instrument. The longer the time to maturity the greater the potential for variations in value.

Finally, as many preferred shares allow holders to convert preferred shares into common shares of the issuer, their market price can be sensitive to changes in the value of the issuer's common shares. To the extent that a Scotia ETF holds convertible preferred shares, declining common share values may also cause the value of the Scotia ETF's investments to decline.

Securities Lending Risk

The Scotia ETFs may enter into securities lending transactions to generate additional income from securities held in a Scotia ETF's portfolio. In lending its securities, a Scotia ETF is exposed to the risk that the borrower may not be able to satisfy its obligations under the securities lending agreement and the lending Scotia ETF is forced to take possession of the collateral held. Losses could result if the collateral held by the Scotia ETF is insufficient, at the time the remedy is exercised, to replace the securities borrowed. To address these risks, any securities lending transactions entered into by a Scotia ETF will comply with applicable securities laws, including the requirement that each agreement be, at a minimum, fully collateralized by investment grade securities or cash with a value of at least 102% of the market value of the securities subject to the transaction. A Scotia ETF will enter into securities lending transactions only with parties that the Manager believes, through conducting credit evaluations, have adequate resources and financial ability to meet their obligations under such agreements. Prior to entering into a securities lending agreement, a Scotia ETF must ensure that the aggregate value of the securities loaned, together with those that have been sold pursuant to repurchase transactions, does not exceed 50% of the NAV of the Scotia ETF immediately after the Scotia ETF enters into the transaction.

Indirect Investments in Certain U.S. Securities through U.S. listed Exchange Traded Funds

Distributions paid on the shares of exchange traded funds listed on a U.S. stock exchange are generally classified as dividends under U.S. tax rules and therefore subject to U.S. withholding taxes, even where the distributed income results from interest payments on fixed income or certain types of preferred securities. As a result, the Scotia ETFs may earn less income from investments in such exchange traded funds than could have been otherwise earned from direct investments in Constituent Securities (see “Income Tax Considerations - Taxation of the Scotia ETFs” for additional information on the impact of withholding taxes on the Scotia ETFs).

Risks Associated with investing in Underlying ETFs

The securities of Underlying ETFs in which the Scotia ETFs invest may trade below, at or above their respective net asset values per security. The net asset value per security will fluctuate with changes in the market value of that Underlying ETF’s holdings. The trading prices of the securities of those Underlying ETFs will fluctuate in accordance with changes in the applicable fund’s net asset value per security, as well as market supply and demand on the stock exchanges on which those funds are listed.

If a Scotia ETF purchases a security of an Underlying ETFs at a time when the market price of that security is at a premium to the net asset value per security or sells a security at a time when the market price of that security is at a discount to the net asset value per security, the Scotia ETF may sustain a loss.

Risk Ratings of the Scotia ETFs

As required by applicable securities legislation, the Manager determines the investment risk level of the Scotia ETFs in accordance with a standardized risk classification methodology that is based on the Scotia ETF’s historical volatility as measured by the 10-year standard deviation of the returns of the Scotia ETF. Standard deviation is a statistical tool used to measure the historical variability of a fund’s returns relative to the fund’s average return. The higher the standard deviation of the Scotia ETF, the greater the range of returns it has experienced in the past. A Scotia ETF with a higher standard deviation will be classified as more risky.

Where a fund has offered securities to the public for less than 10 years, the standardized methodology requires the use of the standard deviation of a reference fund or reference index that reasonably approximates or, for a newly established fund, is reasonably expected to approximate, the standard deviation of the fund. Once the Scotia ETFs have 10 years of performance history, the methodology will calculate the standard deviation of the Scotia ETFs using the return history of the Scotia ETFs rather than that of the reference index. The Scotia ETFs are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The following chart sets out a description of the reference index used for each Scotia ETF:

Scotia ETF	Reference Index	Description
SFIX	FTSE TMX Canada Universe Bond Index	This index is designed to be a broad measure of the Canadian investment-grade fixed income market including Government of Canada bonds, provincial bonds, municipal bonds and corporate obligations.
SCAD	S&P/TSX Composite Index	This index comprises approximately 95% of the market capitalization for Canadian-based, TSX listed companies.
SUSA	S&P 500 Index (CAD)	This index is a capitalization-weighted index designed to measure the performance of the broad U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries.
SINT	MSCI EAFE Index (CAD)	This index captures large and mid-cap representation across developed markets around the world, excluding the U.S. and Canada.

The Manager reviews the investment risk rating of the Scotia ETFs at least annually as well as if there is a material change in the Scotia ETF’s investment objectives or investment strategies.

Historical performance may not be indicative of future returns and the Scotia ETF’s historical volatility may not be indicative of its future volatility. There may be times when the Manager believes the standardized methodology produces a result that does not reflect the Scotia ETF’s risk based on other qualitative factors. As a result, the Manager may assign a higher risk rating to the Scotia ETF if the Manager determines it is reasonable to do so in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the Scotia ETFs is available on request, at no cost, by calling toll-free at 1-866-977-0477 or by writing to the Manager at 1 Adelaide Street East, 28th Floor, Toronto, Ontario M5C 2V9.

DISTRIBUTION POLICY

Cash distributions on Units of a Scotia ETF, if any, will be made in the currency in which Units of the Scotia ETF are denominated and are expected to be made periodically as set out in the table below:

Scotia ETFs	Frequency of Distributions
SFIX	Monthly
SCAD	Quarterly
SUSA	Quarterly
SINT	Quarterly

Distributions are not guaranteed and the Manager may, in its sole discretion, change the frequency of such distributions, which change will be announced by the Manager in a press release.

Depending on the underlying investments of a Scotia ETF, distributions on Units may consist of ordinary income, including foreign source income and taxable dividends from taxable Canadian corporations, sourced from dividends or distributions received by the Scotia ETF but may also include net realized capital gains, in any case, less the expenses of that Scotia ETF. Distributions on Units of the Scotia ETF may also include returns of capital which will generally reduce the adjusted cost base of the Unitholder's Units of that Scotia ETF. To the extent that the expenses of a Scotia ETF exceed the income generated by such Scotia ETF in any given month or quarter, it is not expected that a monthly or quarterly distribution, as applicable, will be paid.

If, for any taxation year, the Scotia ETF has not otherwise distributed the full amount of its net income and net realized capital gains, the Scotia ETF will be required to pay or make payable such net income and net realized capital gains as one or more special year-end distributions for such taxation year to Unitholders as is necessary to ensure that the Scotia ETF will not be liable for non-refundable income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units of the Scotia ETF and/or cash. Any special distributions payable in Units of a Scotia ETF will increase the aggregate adjusted cost base of a Unitholder's Units. Immediately following payment of such a special distribution in Units, the number of Units held by a Unitholder will be automatically consolidated such that the number of Units outstanding after such distribution will be equal to the number of Units held by such Unitholder immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax is required to be withheld in respect of the distribution.

See "Income Tax Considerations".

PURCHASES OF UNITS

Initial Investment in the Scotia ETFs

In compliance with NI 81-102, a Scotia ETF will not issue Units to the public until orders aggregating not less than $500,000 have been received and accepted by the Scotia ETF from investors other than the Manager, or its directors, officers or securityholders.

Continuous Distribution

Units of the Scotia ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

Designated Brokers

All orders to purchase Units directly from a Scotia ETF must be placed by the Designated Broker or Dealers. The Manager reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer. No fees will be payable by a Scotia ETF to the Designated Broker or a Dealer in connection with the issuance of Units of the Scotia ETF. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Dealer or Designated Broker to offset any expenses (including any applicable TSX additional listing fees) incurred in issuing the Units.

On any Trading Day, a Designated Broker or a Dealer may place a subscription order for the PNU or integral multiple PNU of a Scotia ETF. If a subscription order is received by a Scotia ETF at or before 4:00 p.m. on a Trading Day, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit, and is accepted by the Manager, the Scotia ETF will generally issue to the Dealer or Designated Broker the PNU (or an integral multiple thereof) within two Trading Days from the effective date of the subscription order. The Scotia ETF must receive payment for the Units subscribed for within two Trading Days from the effective date of the subscription order. The effective date of a subscription order is the Trading Day on which the Valuation Time that applies to such subscription order takes place.

Unless the Manager shall otherwise agree or the Declaration of Trust shall otherwise provide, as payment for a PNU of a Scotia ETF, a Dealer or Designated Broker must deliver subscription proceeds consisting of a Basket of Securities and cash in an amount sufficient so that the value of the Basket of Securities and cash delivered is equal to the NAV of the applicable PNU of the Scotia ETF determined at the Valuation Time on the effective date of the subscription order. The Manager may, in its complete discretion, instead accept subscription proceeds consisting of (i) cash only in an amount equal to the NAV of the applicable PNU of the Scotia ETF determined at the Valuation Time on the effective date of the subscription order, plus (ii) if applicable, administration fees including associated brokerage expenses, commissions, transaction costs and other costs and expenses that the Scotia ETFs incur or expect to incur in purchasing securities on the market with such cash proceeds.

The Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a Scotia ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Scotia ETF, or such other amount as may be agreed to by the Manager and the Designated Broker. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the second Trading Day after the subscription notice has been delivered.

The Manager will, except when circumstances prevent it from doing so, disclose the number of Units comprising a PNU for a particular Scotia ETF to applicable investors, the Designated Broker and Dealers following the close of business on each Trading Day. The Manager may, at its discretion, increase or decrease the applicable PNU from time to time and will provide notice of such change to applicable investors, the Designated Broker and Dealers.

To Unitholders of a Scotia ETF Distributions Paid in Units

In addition to the issuance of Units as described above, distributions may be made by way of the issuance of Units in accordance with the distribution policy of the Scotia ETFs. See “Distribution Policy”.

Buying and Selling Units of a Scotia ETF

The Units have been conditionally approved for listing on the TSX. Subject to satisfying the TSX’s original listing requirements, the Units will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units of a Scotia ETF. No fees are paid by investors to the Manager or any Scotia ETF in connection with buying or selling of Units of a Scotia ETF on the TSX.

Special Considerations for Unitholders

The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Scotia ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of any Scotia ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian Securities Legislation.

EXCHANGE AND REDEMPTION OF UNITS

Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash

Unitholders of a Scotia ETF may exchange the applicable PNU (or an integral multiple thereof) of the Scotia ETF on any Trading Day for Baskets of Securities and cash, subject to the requirement that a minimum PNU be exchanged. To effect an exchange of Units of a Scotia ETF, a Unitholder must submit an exchange request in the form and at the location prescribed by the Scotia ETF from time to time at or before 4:00 p.m. (Toronto time) on a Trading Day, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit. The exchange price will be equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, payable by delivery of a Basket of Securities (constituted as most recently published prior to the effective date of the exchange request) and cash. The Units will be redeemed in the exchange. The Manager will also make available to applicable investors, Dealers and the Designated Broker the applicable PNU to redeem Units of the Scotia ETFs on each Trading Day. The effective date of an exchange request is the Trading Day on which the Valuation Time that applies to such redemption request takes place.

Upon the request of a Unitholder, the Manager may, in its complete discretion, satisfy an exchange request by delivering cash only in an amount equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, provided that the Unitholder agrees to pay applicable administration fees, including associated brokerage expenses, commissions, transaction costs and other costs and expenses that the Scotia ETFs incur or expect to incur in selling securities on the market to obtain the necessary cash for the exchange.

If an exchange request is not received by the applicable cut-off time, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and/or cash will generally be made by the second Trading Day after the effective day of the exchange request.

If any securities in which a Scotia ETF has invested are cease traded at any time by order of a Securities Regulatory Authority or other relevant regulator or stock exchange, the delivery of Baskets of Securities to a Unitholder, Dealer or Designated Broker on an exchange of the PNU may be postponed until such time as the transfer of the Baskets of Securities is permitted by law.

As described under “Book-Entry Only System”, registration of interests in, and transfers of, Units will be made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide redemption instructions to the CDS Participant through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

Redemption of Units of a Scotia ETF for Cash

On any Trading Day, Unitholders of a Scotia ETF may redeem (i) Units of the Scotia ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time, or (ii) a PNU of a Scotia ETF or a multiple PNU of a Scotia ETF for cash equal to the NAV of that number of Units of the Scotia ETF less any applicable administration fee determined by the Manager, in its sole discretion from time to time. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders of the Scotia ETFs are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash. No fees or expenses are paid by Unitholders to the Manager or any Scotia ETF in connection with selling Units on the TSX.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request with respect to the applicable Scotia ETF must be delivered to the Manager in the form and at the location prescribed by the Manager from time to time at or before 9:30 a.m. (Toronto time) on such Trading Day. Any cash redemption request received after such time will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or Dealer.

Unitholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units of a Scotia ETF, the Scotia ETF will generally dispose of securities or other financial instruments.

Suspension of Exchanges and Redemptions

The Manager may suspend the exchange or redemption of Units of a Scotia ETF or payment of redemption proceeds of a Scotia ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Scotia ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Scotia ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Scotia ETF; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Scotia ETF or which impair the ability of the Custodian to determine the value of the assets of the Scotia ETF. The suspension may apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over a Scotia ETF, any declaration of suspension made by the Manager shall be conclusive.

Administration Fee

An amount as may be agreed to between the Manager and the Designated Broker or Dealer, of a Scotia ETF may be charged to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Scotia ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

Allocations of Capital Gains to Redeeming or Exchanging Unitholders

Pursuant to the Declaration of Trust, a Scotia ETF may allocate and designate as payable any capital gains realized by the Scotia ETF as a result of any disposition of property of the Scotia ETF undertaken to permit or facilitate the redemption or exchange of Units to a Unitholder whose Units are being redeemed or exchanged. In addition, each Scotia ETF has the authority to distribute, allocate and designate any capital gains of the Scotia ETF to a Unitholder who has redeemed or exchanged Units during a year in an amount equal to the Unitholder's share, at the time of redemption or exchange, of the Scotia ETF's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder.

Book-Entry Only System

Registration of interests in, and transfers of, Units of a Scotia ETF will be made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon buying Units of a Scotia ETF, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

Neither a Scotia ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

A Scotia ETF has the option to terminate registration of Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

Short-Term Trading

Unlike conventional open-end mutual fund trusts in which short term trading by investors may cause the mutual fund to incur additional unnecessary trading costs in connection with the purchase of additional portfolio securities and the sale of portfolio securities to fund unitholder redemptions, the Manager does not believe that it is necessary to impose any short-term trading restrictions on the Scotia ETFs at this time as: (i) the Scotia ETFs are exchange traded funds that are primarily traded in the secondary market; and (ii) the few transactions involving Units of the Scotia ETFs that do not occur on the secondary market involve Designated Brokers and Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose an administration fee. The administration fee is intended to compensate the Scotia ETFs for any costs and expenses incurred by the Scotia ETFs in order to satisfy and process the redemption.

INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units of a Scotia ETF by a Unitholder of the Scotia ETF who acquires Units of the Scotia ETF pursuant to this prospectus. This summary only applies to a prospective Unitholder of a Scotia ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act who deals at arm's length with the Scotia ETF and any Designated Broker or Dealer and is not affiliated with the Scotia ETF or any Designated Broker or Dealer and who holds Units of the Scotia ETF as capital property (a "**Holder**").

Generally, Units of a Scotia ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that a Scotia ETF qualifies as a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units of the Scotia ETF as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" as that term is defined in the Tax Act with respect to the Units or any Basket of Securities disposed of in exchange for Units.

This summary assumes that at all times each Scotia ETF will not (i) make or hold any investment in property that would be "taxable Canadian property" (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof) if more than 10% of the Scotia ETF's property consisted of such property; (ii) invest in or hold (a) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Scotia ETF (or the partnership) would be required to include significant amounts in income pursuant to section 94.1 of the Tax Act, (b) an interest in a trust (or a partnership which holds such an interest) which would require the Scotia ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or (c) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of section 94 of the Tax Act (or a partnership which holds such an interest); (iii) invest in any security that would be a "tax shelter investment" within the meaning of section 143.2 of the Tax Act; (iv) invest in any security of an issuer that would be a "foreign affiliate" of the Scotia ETF or of any Holder for purposes of the Tax Act; or (v) enter into any arrangement (including the acquisition of securities for the Scotia ETF's portfolio) where the result is a "dividend rental arrangement" for purposes of the Tax Act (including any amendment to such definition).

This summary is based on the facts described herein, the current provisions of the Tax Act, counsel's understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing prior to the date hereof and certificates of the Manager. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or in administrative policy or assessing practice, whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of a Scotia ETF. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units of a Scotia ETF. The income and other tax consequences of investing in Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units of a Scotia ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of a Scotia ETF based on their particular circumstances.

Status of the Scotia ETFs

This summary is based on the assumptions that each Scotia ETF will qualify or be deemed to qualify at all times as a "mutual fund trust" within the meaning of the Tax Act, that each Scotia ETF will validly elect under the Tax Act to be a mutual fund trust from the date it was established, and that each Scotia ETF has not been established and will not be maintained primarily for the benefit of non-residents unless, at that time, substantially all of its property consists of property other than property that would be "taxable Canadian property" within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

To qualify as a mutual fund trust (i) a Scotia ETF must be a Canadian resident "unit trust" for purposes of the Tax Act, (ii) the only undertaking of the Scotia ETF must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Scotia ETF, or (c) any combination of the activities described in (a) and (b), and (iii) the Scotia ETF must comply with certain minimum requirements respecting the ownership and dispersal of Units (the "**Minimum Distribution Requirements**"). In this connection, (i) the Manager intends to cause each Scotia ETF to qualify as a unit trust throughout the life of the Scotia ETF, (ii) each Scotia ETF's undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager has advised counsel that, provided each Scotia ETF meets the Minimum Distribution Requirements before the 91st day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to "loss restriction events"), it intends to file the necessary election so that each Scotia ETF will qualify as a mutual fund trust from its inception in 2018.

If a Scotia ETF were not to qualify or be deemed to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different in respect of that Scotia ETF. For instance, a Scotia ETF that does not qualify as a mutual fund trust throughout a taxation year may become subject to alternative minimum tax, tax under Part XII.2 of the Tax Act, and would not be entitled to the capital gains refunds. In addition, if a Scotia ETF does not qualify as a mutual fund trust and one or more "financial institutions", as defined in the Tax Act, owns more than 50% of the fair market value of the Units of such Scotia ETF, that Scotia ETF will be a "financial institution" for purposes of the "mark-to-market" rules contained in the Tax Act.

Provided that a Scotia ETF qualifies as a "mutual fund trust" within the meaning of the Tax Act, or the Units of that Scotia ETF are listed on a "designated stock exchange" (within the meaning of the Tax Act), Units of that Scotia ETF will be qualified investments under the Tax Act for a trust governed by an RRSP, an RRIF, an RDSP, a DPSP, an RESP or a TFSA (collectively, ("**Registered Plans**"). See "Income Tax Considerations – Taxation of Registered Plans" for the consequences of holding Units in Registered Plans

Taxation of the Scotia ETFs

Provided that a Scotia ETF qualifies as a "mutual fund trust", that Scotia ETF will elect to have a taxation year that ends on December 15 of each calendar year. A Scotia ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders in the calendar year in which the taxation year ends. An amount will be considered to be payable to a Unitholder of a Scotia ETF in a calendar year if it is paid to the Unitholder in that year by the Scotia ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Declaration of Trust requires that sufficient amounts be paid or made payable for each taxation year so that no Scotia ETF is liable for any non-refundable income tax under Part I of the Tax Act in respect of the taxation year.

A Scotia ETF will be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security held in its portfolio.

With respect to indebtedness, a Scotia ETF will be required to include in its income for a taxation year all interest thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in the year) or that has become receivable or is received by the Scotia ETF before the end of that year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Scotia ETF's income for a preceding taxation year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Scotia ETF.

To the extent a Scotia ETF holds trust units issued by a trust resident in Canada that is not at any time in the relevant taxation year a "SIFT trust" and held as capital property for purposes of the Tax Act, the Scotia ETF will be required to include in the calculation of its income for a taxation year the net income, including net taxable capital gains, paid or payable to the Scotia ETF by such trust in the calendar year in which that taxation year ends. Provided that appropriate designations are made by such trust, net taxable capital gains realized by the trust, foreign source income of the trust and taxable dividends from taxable Canadian corporations received by the trust that are paid or payable by the trust to the Scotia ETF will effectively retain their character in the hands of the Scotia ETF. The Scotia ETF will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the Scotia ETF except to the extent that the amount was included in calculating the income of the Scotia ETF or was the Scotia ETF's share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the Scotia ETF. If the adjusted cost base to the Scotia ETF of such units becomes a negative amount at any time in a taxation year of the Scotia ETF, that negative amount will be deemed to be a capital gain realized by the Scotia ETF in that taxation year and the Scotia ETF's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

Each issuer in a Scotia ETF's portfolio that is a "SIFT trust" (which will generally include Canadian resident income trusts, other than certain REITs, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains in respect of "non-portfolio properties" (collectively, "**Non-Portfolio Income**"). Non-Portfolio Income that is distributed by a SIFT trust to its unitholders will be taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Non-Portfolio Income that becomes payable by an issuer that is a SIFT trust will generally be taxed as though it were a taxable dividend from a taxable Canadian corporation and will be deemed to be an "eligible dividend" eligible for the enhanced gross-up and tax credit rules.

In general, a Scotia ETF will realize a capital gain (or capital loss) upon the actual or deemed disposition of a security included in its portfolio to the extent the proceeds of disposition net of any amounts included as interest on the disposition of the security and any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security unless the Scotia ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Scotia ETF has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised counsel that each Scotia ETF purchases the securities in its portfolio with the objective of receiving dividends, interest and other distributions thereon and will take the position that gains and losses realized on the disposition of its securities are capital gains and capital losses. The Manager has also advised counsel that each Scotia ETF will make an election under subsection 39(4) of the Tax Act, if applicable, so that all securities held by the Scotia ETF that are "Canadian securities" (as defined in the Tax Act) will be deemed to be capital property to the Scotia ETF.

In general, gains and losses realized by a Scotia ETF from derivative transactions will be on income account except where there is sufficient linkage of such derivatives to securities that are held or would be held by the Scotia ETF on capital account in accordance with case law or CRA administrative position subject to the DFA Rules discussed below, and such gains and losses will be recognized for tax purposes at the time they are realized by the Scotia ETF. Pursuant to the Tax Act, an election to realize gains and losses on "eligible derivatives" (as defined in the Tax Act) of a Scotia ETF on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for any Scotia ETF.

The DFA Rules target financial arrangements (referred to as "**derivative forward agreements**") that seek to deliver a return based on an "underlying interest" (other than certain excluded underlying interests). The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain options). If the DFA Rules were to apply in respect of derivatives utilized by a Scotia ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. The Tax Act exempts the application of the DFA Rules on currency forward contracts or certain other derivatives that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property.

Each Scotia ETF will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units of the Scotia ETF during the year (the "**Capital Gains Refund**"). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of a Scotia ETF for such taxation year which may arise upon the sale or other disposition of securities included in the portfolio in connection with the redemption of Units of the Scotia ETF.

A loss realized by a Scotia ETF on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Scotia ETF, or a person affiliated with the Scotia ETF, acquires a property (a "**Substituted Property**") that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Scotia ETF, or a person affiliated with the Scotia ETF, owns the Substituted Property 30 days after the original disposition. If a loss is suspended, a Scotia ETF cannot deduct the loss from the Scotia ETF's capital gains until the Substituted Property is disposed of and is not reacquired by the Scotia ETF, or a person affiliated with the Scotia ETF, within 30 days before and after the disposition.

A Scotia ETF may enter into transactions denominated in currencies other than the Canadian dollar including the acquisition of securities in its portfolio. The cost and proceeds of disposition of securities, dividends, interest, distributions and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by a Scotia ETF may be affected by fluctuations in the value of other currencies relative to the Canadian dollar.

A Scotia ETF may derive income or gains from investments in countries other than Canada, and as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid by a Scotia ETF exceeds 15% of the amount included in the Scotia ETF's income from such investments, such excess may generally be deducted by the Scotia ETF in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of the amount included in the Scotia ETF's income from such investments and has not been deducted in computing the Scotia ETF's income, the Scotia ETF may designate in respect of a Holder a portion of its foreign source income that can reasonably be considered to be part of the Scotia ETF's income distributed to such Holder so that such income and a portion of the foreign tax paid by the Scotia ETF may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act.

A Scotia ETF will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by a Scotia ETF and not reimbursed will be deductible by the Scotia ETF rateably over a five-year period subject to reduction in any taxation year which is less than 365 days. In computing its income under the Tax Act, a Scotia ETF may deduct reasonable administrative and other expenses incurred to earn income.

Losses incurred by a Scotia ETF in a taxation year cannot be allocated to Holders, but may be deducted by the Scotia ETF in future years in accordance with the Tax Act.

Taxation of Holders

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of a Scotia ETF, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in that particular taxation year (whether in cash or in Units, or whether as a Management Fee Distribution). Amounts paid or payable by a Scotia ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15.

The non-taxable portion of a Scotia ETF's net realized capital gains for a taxation year, the taxable portion of which was designated in respect of a Holder for the taxation year, that is paid or becomes payable to the Holder for the year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of a Scotia ETF for a taxation year that is paid or becomes payable to the Holder for the year (i.e. returns of capital) will not generally be included in the Holder's income for the year, but will reduce the adjusted cost base of the Holder's Units of the Scotia ETF. To the extent that the adjusted cost base of a Unit of a Scotia ETF to a Holder would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain to zero.

Provided that appropriate designations are made by a Scotia ETF, such portion of the net realized taxable capital gains of the Scotia ETF, the taxable dividends received or deemed to be received by the Scotia ETF on shares of taxable Canadian corporations and foreign source income of the Scotia ETF as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply. Where the Scotia ETF make designations in respect of its foreign source income, for the purpose of computing any foreign tax credit that may be available to a Holder, the Holder will generally be deemed to have paid as tax to the government of a foreign country that portion of taxes paid by the Scotia ETF to that country that is equal to the Holder's share of the Scotia ETF's income from sources in that country.

Any loss of a Scotia ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

On the disposition or deemed disposition of a Unit of a Scotia ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the Scotia ETF which represents capital gains allocated and designated to the redeeming Holder, as further described below), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base of a Holder's Units of a Scotia ETF, when additional Units of the Scotia ETF are acquired by the Holder (as a result of a distribution by a Scotia ETF in the form of Units or otherwise), the cost of the newly acquired Units of the Scotia ETF will be averaged with the adjusted cost base of all Units of the Scotia ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued on a distribution will generally be equal to the amount of the distribution. A consolidation of Units of a Scotia ETF following a distribution paid in the form of additional Units of the Scotia ETF as described under "Distribution Policy" will not be regarded as a disposition of Units of the Scotia ETF and will not affect the aggregate adjusted cost base to a Holder.

In the case of an exchange of Units of a Scotia ETF for a Basket of Securities, a Holder's proceeds of disposition of Units of the Scotia ETF would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Scotia ETF on the disposition of such distributed property. The cost to a Holder of any property received from the Scotia ETF upon the exchange will generally be equal to the fair market value of such property at the time of the distribution. In the case of an exchange of Units for a Basket of Securities, the investor may receive securities that may or may not be qualified investments under the Tax Act for Registered Plans. If such securities are not qualified investments for Registered Plans, such Registered Plans (and, in the case of certain Registered Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans.

Pursuant to the Declaration of Trust, a Scotia ETF may allocate and designate as payable any capital gains realized by the Scotia ETF as a result of any disposition of property of the Scotia ETF undertaken to permit or facilitate the redemption or exchange of Units of the Scotia ETF to a Holder whose Units are being redeemed or exchanged. In addition, each Scotia ETF has the authority to distribute, allocate and designate any capital gains of the Scotia ETF to a Holder who has redeemed or exchanged Units during a year in an amount equal to the Holder's share, at the time of redemption or exchange, of the Scotia ETF's capital gains for the year. Any such allocations and designations will reduce the redemption price otherwise payable to the Holder and therefore the Holder's proceeds of disposition.

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder on the disposition of Units of a Scotia ETF or a taxable capital gain designated by the Scotia ETF in respect of the Holder for a taxation year of the Holder will be included in computing the Holder's income for that year and one-half of any capital loss (an "**allowable capital loss**") realized by the Holder in a taxation year of the Holder generally must be deducted from taxable capital gains realized by the Holder in the taxation year or designated by the Scotia ETF in respect of the Holder for the taxation year in accordance with the detailed provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

Each Holder who delivers subscription proceeds consisting of a Basket of Securities will be disposing of securities in exchange for Units of a Scotia ETF. Assuming that such securities are held by the Holder as capital property for purposes of the Tax Act, the Holder will generally realize a capital gain (or a capital loss) in the taxation year of the Holder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any amounts included as interest on the disposition of the security and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities to the Holder. For this purpose, the proceeds of disposition to the Holder of securities disposed of will equal the aggregate of the fair market value of the Units of the Scotia ETF received for the securities. The cost to a Holder of Units of a Scotia ETF acquired in exchange for a Basket of Securities and cash (if any) will be equal to the aggregate of the cash paid (if any) to the Scotia ETF plus the fair market value of the securities disposed of in exchange for Units at the time of disposition, which sum would generally be equal to or would approximate the fair market value of the Units received as consideration in exchange for a Basket of Securities and cash (if any).

Amounts designated by a Scotia ETF to a Holder of the Scotia ETF as taxable capital gains or dividends from taxable Canadian corporations, and taxable capital gains realized on the disposition of Units of the Scotia ETF may increase the Holder's liability for alternative minimum tax.

Taxation of Registered Plans

Amounts of income and capital gains included in a Registered Plan's income are generally not taxable under Part I of the Tax Act provided the Units are "qualified investments" for the Registered Plan for purposes of the Tax Act.

Notwithstanding the foregoing, the holder of a TFSA or RDSP, the annuitant of an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Units held by such TFSA, RRSP, RDSP, RESP or RRIF, as the case may be, if such Units are a "prohibited investment" for such TFSA, RRSP, RDSP, RESP or RRIF for the purposes of the Tax Act. The Units of a Scotia ETF will not be a "prohibited investment" for a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF unless the holder of the TFSA, or RDSP, the annuitant of the RRSP or RRIF or the subscriber of an RESP, as applicable, (i) does not deal at arm's length with the Scotia ETF for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the Scotia ETF. Generally, a holder or annuitant, as the case may be, will not have a significant interest in a Scotia ETF unless the holder or annuitant, as the case may be, owns Units of the Scotia ETF that have a fair market value of 10% or more of the fair market value of all Units of the Scotia ETF, either alone or together with persons and partnerships with which the holder or annuitant, as the case may be, does not deal at arm's length. In addition, the Units of a Scotia ETF will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF.

Holders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan. Holders or annuitants should consult their own tax advisors with respect to whether Units of a Scotia ETF would be prohibited investments, including with respect to whether such Units would be excluded property.

Tax Implications of the Scotia ETF's Distribution Policy

The NAV per Unit of a Scotia ETF will, in part, reflect any income and gains of the Scotia ETF that have accrued or have been realized, but have not been made payable at the time Units of the Scotia ETF were acquired. Accordingly, a Holder of a Scotia ETF who acquires Units of the Scotia ETF, including on a distribution of Units of the Scotia ETF, may become taxable on the Holder's share of such income and gains of the Scotia ETF. In particular, an investor who acquires Units of a Scotia ETF at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units. Further, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

ORGANIZATION AND MANAGEMENT DETAILS OF THE SCOTIA ETFs

Manager

1832 Asset Management L.P. manages the overall business and operations of the Scotia ETFs, including providing portfolio management, fund accounting and administration services and promoting the sales of the securities of the Scotia ETFs. 1832 Asset Management L.P. is registered (i) with the Ontario Securities Commission as a portfolio manager, investment fund manager, exempt market dealer and commodity trading manager; (ii) as an investment fund manager in Québec, Newfoundland and Labrador and Northwest Territories; (iii) as a portfolio manager in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Prince Edward Island, Québec, Saskatchewan and Yukon; and (iv) as an exempt market dealer in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia and Québec.

The General Partner of the Manager, 1832 Asset Management G.P. Inc. is wholly-owned by The Bank of Nova Scotia. The Bank of Nova Scotia also owns, directly or indirectly, 100% of Scotia Securities Inc. and Tangerine Investment Funds Limited, each a mutual fund dealer, and Scotia Capital Inc. (which includes ScotiaMcLeod® and Scotia iTRADE®), an investment dealer.

The principal office of the Scotia ETFs and 1832 Asset Management L.P. is located at 1 Adelaide Street East, 28th Floor, Toronto, Ontario, M5C 2V9.

Duties and Services to be Provided by the Manager

Pursuant to the Declaration of Trust, the Manager provides and arranges for the provision of required administrative services to the Scotia ETFs including, without limitation: negotiating contracts with certain third-party service providers, including, but not limited to, sub-advisors, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the Scotia ETFs; maintaining accounting records; preparing the reports to Unitholders and to the applicable Securities Regulatory Authorities; calculating the amount and determining the frequency of distributions by the Scotia ETFs; preparing financial statements, income tax returns and financial and accounting information as required; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Scotia ETFs comply with all other regulatory requirements including continuous disclosure obligations under applicable securities laws; administering purchases, redemptions and other transactions in Units; arranging for any payments required upon termination of the Scotia ETFs; and dealing and communicating with Unitholders. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Scotia ETFs. The Manager will also monitor the investment strategies of the Scotia ETFs to ensure that they comply with their investment objectives, investment strategies and investment restrictions and practices.

No manager of a Scotia ETF shall be a person who (i) is not a resident of Canada for purposes of the Tax Act or, if a partnership, a partnership that is not managed and controlled in Canada, or (ii) does not agree to carry out its functions of managing the Scotia ETF in Canada.

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Scotia ETFs, to make all decisions regarding the business of the Scotia ETFs and to bind the Scotia ETFs. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Scotia ETFs to do so.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to the Scotia ETFs or to any Unitholder or any other person for any loss or damage relating to any matter regarding the Scotia ETFs, including any loss or diminution of value of the assets of any Scotia ETF if it has satisfied its standard of care set forth above.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the applicable Scotia ETF from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the applicable Scotia ETF as long as the person acted honestly and in good faith with a view to the best interests of such Scotia ETF.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Scotia ETFs. The Manager may, in its discretion, terminate a Scotia ETF without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the Scotia ETF and/or it would otherwise be in the best interests of Unitholders to terminate the Scotia ETF.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Scotia ETF) or from engaging in other activities.

Executive Officers and Directors of the General Partner of the Manager

The Board of Directors of the General Partner currently consists of seven members.

Directors are appointed to serve on the Board of Directors of the General Partner until such time as they retire or are removed and their successors are appointed. The directors and executive officers of the General Partner collectively have extensive experience in the analysis and understanding of the risks associated with many of the businesses underlying the securities that may comprise a Scotia ETF's investments. The Manager will draw upon this experience when necessary in analyzing potential investments for the Scotia ETFs.

The names, municipalities of residence, offices and principal occupations during the past five years for each of the directors and executive officers of the General Partner are as follows:

Name and Municipality of Residence	Positions Held with the General Partner	Principal Occupation
Glen Gowland Toronto, Ontario	Chairman of the Board, President and Director	President, the Manager Senior Vice President, Asset Management, Scotiabank
Anil Mohan Toronto, Ontario	Chief Financial Officer and Director	Chief Financial Officer, the Manager Vice President, Business Analysis & Planning, Scotiabank
Brett Bastin Toronto, Ontario	Director	Managing Director, Institutional Asset Management, Scotiabank
Craig Gilchrist Toronto, Ontario	Director	Managing Director & Vice President Chief Investment Officer, Scotia Wealth Management, Scotiabank
Erin Griffiths Toronto, Ontario	Director	Online Brokerage Managing Director, Global Online Brokerage, Scotiabank
Jim Morris Caledon, Ontario	Director	Chief Operating Officer, the Manager

John Pereira Richmond Hill, Ontario	Director	Senior Vice President and Chief Operating Officer, Asset Management, Scotiabank
Gregory Joseph Grimsby, Ontario	Controller	Director, Global Asset Management Finance, Scotiabank
Simon Mielniczuk Toronto, Ontario	Secretary	Senior Manager, Legal Services, Global Asset Management, Scotiabank

During the past five years, all of the directors and executive officers of the General Partner have held their present principal occupations (or similar positions with their current employer or its affiliates) except for Mr. Bastin who, prior to May 2017, was Managing Director, Global Asset Management with RBC Global Asset Management Inc.

Executive Officers of the Manager

The names and municipalities of residence of the executive officers of the Manager, their principal occupations over the past five years, and the positions and offices held with the Manager are as follows:

Name and Municipality of Residence	Positions Held with the Manager	Principal Occupation
Glen Gowland Toronto, Ontario	President	President, the Manager Senior Vice President, Asset Management, Scotiabank
Anil Mohan Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, the Manager Vice President, Business Analysis & Planning, Scotiabank
Bruno Carchidi Toronto, Ontario	Chief Compliance Officer	Chief Compliance Officer, the Manager Vice President, Compliance, Scotiabank
Simon Mielniczuk Toronto, Ontario	Secretary	Senior Manager, Legal Services, Global Asset Management, Scotiabank

Sub-Advisor

The Manager has appointed BlackRock Canada as the sub-advisor of the Scotia ETFs. As Sub-Advisor, BlackRock Canada is responsible for certain of the investment management activities of the Scotia ETFs, subject to the policies, control and supervision of the Manager. The principal office of BlackRock Canada is 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Ontario M5J 2S1.

BlackRock, the ultimate parent company of BlackRock Canada, helps investors build better financial futures. As a fiduciary to its clients, BlackRock provides the investment and technology solutions clients need when planning for their most important goals. As of March 31, 2018, the firm managed approximately US$6.317 trillion in assets on behalf of investors worldwide.

The Manager remains responsible for the management of each of the Scotia ETFs, including the management of their investment portfolios and the investment advice provided by BlackRock Canada. In particular, the Manager is responsible for any loss that arises out of the failure of BlackRock Canada to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Manager and the Scotia ETFs or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Portfolio Management Team

In fulfilling its investment management duties to the Scotia ETFs, and provided that BlackRock Canada shall remain responsible for ensuring that all sub-advisory services provided to the Scotia ETFs are in compliance with the Sub-Advisory Agreement, the Sub-Advisor intends to delegate certain portfolio management and trading duties to its affiliate, BTC, a national banking association organized under the laws of the United States of America that operates as a limited purpose trust company. BTC is an indirect, wholly-owned subsidiary of BlackRock and an affiliate of BlackRock Canada. In accordance with applicable securities legislation, BlackRock Canada and BTC may also appoint other affiliates to provide portfolio management or investment sub-advisory services.

The Sub-Advisor remains responsible for the sub-advisory role of each of the Scotia ETFs as set out in the Sub-Advisory Agreement.

BTC's principal office is located in San Francisco, California. Its primary regulator is the Office of the Comptroller of the Currency, the agency of the U.S. Treasury Department that regulates United States national banks. Portfolio management at BTC is conducted by integrated teams of highly qualified investment professionals. Moreover, BTC uses a combination of technologically advanced investment systems, along with rigorous investment procedures and safeguards. The management of the investment portfolios is reviewed on a regular basis.

Biographical information relating to the principal portfolio managers of BTC who oversee the services provided to the Scotia ETFs is set out below:

Name	Years of Service with BTC	Title with BTC	Notes
Greg Savage	19	Managing Director, Co-Head of Americas iShares Equity Portfolio Engineering	Mr. Savage's service with the firm dates back to 1999, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. At BGI he was a senior portfolio manager and team leader in the iShares Index Equity Portfolio Management Group and was previously a transition manager in the Transition Management Group. Prior to BGI, Mr. Savage worked at Pacific Investment Management Company (PIMCO) from 1997 to 1999 in various roles. Mr. Savage earned a BS degree in Accounting from the University of Colorado at Boulder in 1994.
Amy Whitelaw	19	Managing Director, Co-Head of Americas iShares Equity Portfolio Engineering	Ms. Whitelaw's service with the firm dates back to 1999, including her years with Barclays Global Investors (BGI), which merged with BlackRock in 2009. At BGI, she led the Defined Contribution Portfolio Management team in Client Solutions,and was responsible for the management of defined contribution strategies for institutional and retail investors. Previously, Ms. Whitelaw worked in the Transition Services group as both a transition manager and strategist, and was also an international equity trader on BGI's trading desk. Prior to BGI, she worked in the Institutional Derivatives Sales group at Goldman Sachs. Ms. Whitelaw earned a BA degree in International Studies and French from Dickinson College in 1993.

Details of the Sub-Advisory Agreement

BlackRock Canada serves as the Sub-Advisor of the Scotia ETFs pursuant to the Sub-Advisory Agreement, as may be amended and/or amended and restated from time to time.

Under the Sub-Advisory Agreement, the Sub-Advisor has agreed to exercise its powers and discharge its duties honestly, in good faith and in the best interest of the Scotia ETFs and to exercise the degree of care, diligence and skill which a reasonably prudent and diligent investment adviser would exercise in similar circumstances.

Pursuant to the Sub-Advisory Agreement, the Sub-Advisor is authorized to appoint, and has appointed, BTC as investment sub-advisor with full authority to perform any of the functions or responsibilities that the Sub-Advisor is authorized to perform under the Sub-Advisory Agreement, subject to compliance with the Sub-Advisory Agreement.

The Sub-Advisory Agreement may be terminated by the Manager upon ninety (90) days' prior notice to the Sub-Advisor or by the Sub-Advisor upon 120 days' prior notice to the Manager. The Sub-Advisory Agreement may also be terminated immediately in certain circumstances, including upon the breach of the Sub-Advisory Agreement by a party if such breach has not been cured within sixty (60) days written notice thereof, in the event of pending, threatened or actual suspension or revocation of any registration required for a party to fulfill its obligations under the Sub-Advisory Agreement, or in the event that a party becomes bankrupt, or a petition for bankruptcy is filed and such petition is not dismissed within sixty (60) days, or if a party makes any assignment for the benefit of its creditors, files any notice under or takes any other benefits of any insolvency law, or if a receiver of any of the assets of a party is appointed.

Designated Broker

The Manager, on behalf of each Scotia ETF, has entered into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to that Scotia ETF including, without limitation: (i) to subscribe for a sufficient number of Units of that Scotia ETF to satisfy the TSX's original listing requirements; (ii) to subscribe for Units of that Scotia ETF on an ongoing basis; and (iii) to post a liquid two-way market for the trading of Units of that Scotia ETF on the TSX. Payment for Units of a Scotia ETF must be made by the Designated Broker, and those Units will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

Units do not represent an interest or an obligation of such Designated Broker or Dealers or any affiliate thereof and a Unitholder of a Scotia ETF will not have any recourse against any such parties in respect of amounts payable by the Scotia ETF to such Designated Broker or Dealers.

Brokerage Arrangements

The Sub-Advisor makes decisions regarding the execution of portfolio transactions of the Scotia ETFs, including the selection of market, broker and the negotiation of commissions.

Subject to compliance with applicable laws and regulations, including the duty of best execution and rules relating to the sharing of commissions, in the course of selecting brokers, dealers, banks and intermediaries to effect transactions for the Scotia ETFs, the Sub-Advisor may agree to such commissions, fees and other charges as the Sub-Advisor deems reasonable in the circumstances taking into account all such factors as it considers relevant, including the quality of brokerage research services made available to it (even if such research services are not for the exclusive benefit of the Scotia ETF) unless the receipt of brokerage research services by the Sub-Advisor in this context is prohibited.

The Sub-Advisor may aggregate sales and purchase orders of securities held in the Scotia ETFs with similar orders being made simultaneously for other accounts managed by the Sub-Advisor if, in the Sub-Advisor's reasonable judgment, such aggregation shall result in an overall economic benefit to the Scotia ETFs taking into consideration the advantageous selling or purchase price, brokerage commission and other expenses.

The names of dealers or third parties who have provided research goods and services and/or order execution goods and services are available upon request by calling the Manager toll-free at 1-866-977-0477, by email at scotiaetfs@scotiabank.com or by writing to the Manager at 1 Adelaide Street East, 28th Floor, Toronto, Ontario M5C 2V9.

Conflicts Of Interest

The Manager, the Sub-Advisor and their affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services provided by the Manager under the Declaration of Trust and the Sub-Advisor under the Sub-Advisory Agreement are not exclusive and nothing in such agreements prevents the Manager, the Sub-Advisor or any of their respective affiliates from providing similar services to other investment funds and other persons (whether or not their investment objectives, strategies and policies are similar to those of the Scotia ETFs) or from engaging in other activities. The Manager's and the Sub-Advisor's investment decisions for the Scotia ETFs will be made independently of those made for other persons and independently of its own investments.

The directors and officers of the Manager, the Sub-Advisor or any of their respective affiliates may be directors, officers, shareholders or unitholders of one or more issuers in which a Scotia ETF may acquire securities. The Manager, the Sub-Advisor and their respective affiliates may be engaged as managers or portfolio managers for one or more issuers in which a Scotia ETF may acquire securities and may be managers or portfolio managers of funds or accounts that invest in the same securities as the Scotia ETFs. The Scotia ETFs are permitted to purchase, sell and hold securities of certain issuers that are directly or indirectly related to the Manager or the Sub-Advisor. Such transactions will only be undertaken where permitted by applicable securities laws and upon obtaining any required regulatory approvals. A Scotia ETF may invest in certain Underlying ETFs that have embedded fees payable to the Sub-Advisor and/or its affiliates for providing management, administrative or other services to such Underlying ETFs. These fees, as well as other fees and expenses payable by such Underlying ETFs, are generally shared by all unitholders of such Underlying ETF, including the Scotia ETFs. These fees and expenses are payable in addition to the fees received by the Sub-Advisor for providing services to the Manager in connection with the Scotia ETFs. However, to ensure that there is no duplication of management fees chargeable in connection with the Scotia ETFs that, to a reasonable person, would duplicate any Underlying Fund Management Fees payable by the Underlying ETFs for the same service, the Manager has agreed to absorb all Underlying Fund Management Fees that are incurred by each Scotia ETF resulting from its investments in any Underlying ETFs, regardless of whether the Underlying ETFs are managed by the Manager or a third party.

The Manager and Sub-Advisor, as applicable, each act on a basis which is fair, reasonable and equitable to the Scotia ETFs in recommending from among the particular investment opportunities that come to the Manager or Sub-Advisor those investment opportunities which it presents to the Scotia ETFs. Subject to this obligation, the Manager and Sub-Advisor are not obligated to present any particular investment opportunity to the Scotia ETFs even if the opportunity is of a character which, if presented to a Scotia ETFs, could be taken by the Scotia ETF and the Manager or Sub-Advisor may take for its own account or recommend to others any such particular investment opportunity. When the Manager or Sub-Advisor decides to buy or sell the same security for a Scotia ETF as the Manager, Sub-Advisor or one or more of their affiliates has purchased for one or more of its clients or for clients of its affiliates, the orders for all such security transactions shall be placed for execution by methods determined by the Manager and Sub-Advisor to be considered fair and equitable over time. The Manager and Sub-Advisor may effect portfolio transactions on behalf of the Scotia ETFs through their affiliates.

The Manager and its shareholders, Sub-Advisor, their affiliates and associates may have other business interests and may engage in other activities similar or in addition to those relating to the activities to be performed hereunder, including rendering of services and advice to other persons, including persons which may invest in securities of the same issuer as the Scotia ETFs, the ownership, development and management of other investments including investments of the Manager, Sub-Advisor and their affiliates in securities of the same issuers in which the Scotia ETFs invest, and participation, whether as exclusive distributor, dealer, broker or otherwise, in the distribution of securities issued by corporations, unit investment trusts or other organizations and the Manager shall not be called upon to account in respect of such transactions or activity or benefit derived therefrom by virtue only of the relationship between the parties concerned. The Manager, Sub-Advisor or their affiliates may own securities of the Scotia ETFs and shall be free to dispose of or deal with any such investments in any manner it considers appropriate. The Manager and Sub-Advisor may use information provided to them by third parties in providing services to the Scotia ETFs in providing services to others.

The directors and officers of the Manager and Sub-Advisor or their affiliates may be directors, officers, shareholders or unitholders of one or more issuers from which the Scotia ETFs may acquire securities. The Manager, Sub-Advisor and their affiliates may be managers or portfolio managers of one or more issuers from which the Scotia ETFs may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the Scotia ETFs.

A registered dealer acts as a Designated Broker, and one or more dealers acts or may act as a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in a Scotia ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Scotia ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders. Scotia Capital Inc., an affiliate of the Manager, has agreed to act as a Designated Broker and Dealer for the Scotia ETFs.

Any such registered Dealer and its affiliates may, at present or in the future, engage in business with the Scotia ETFs, the issuers of securities making up the investment portfolio of the Scotia ETFs, the Manager, the Sub-Advisor or any funds sponsored by them or their affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered Dealer and its affiliates and the Manager, the Sub-Advisor and their affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager, the Sub-Advisor or their respective affiliates.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. The applicable Designated Broker and Dealers do not act as underwriters of any Scotia ETF in connection with the distribution of Units under this prospectus. Units of the Scotia ETFs do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Scotia ETF to the applicable Designated Broker or Dealers. The Securities Regulatory Authorities have provided the Scotia ETFs with a decision exempting the Scotia ETFs from the requirement to include a certificate of any underwriter in the prospectus.

The Manager or Sub-Advisor and their affiliates may at times have interests that differ from the interests of the Unitholders of a Scotia ETF. Where the Manager or its affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. See "Organization and Management Details of the Scotia ETFs – Independent Review Committee".

Independent Review Committee

The Manager has established an IRC in accordance with NI 81-107 with a mandate to review and provide recommendations or approval, as required, on conflict of interest matters referred to it by the Manager on behalf of a Scotia ETF. The IRC is responsible for overseeing the Manager's decisions in situations where the Manager is faced with any present or perceived conflicts of interest, all in accordance with NI 81-107.

The IRC may also approve certain mergers between a Scotia ETF and other investment funds, and any change of the auditor of a Scotia ETF. Subject to any corporate and securities law requirements, no Unitholder approval will be obtained in such circumstances, but Unitholders will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, Unitholder approval may be required to approve certain mergers.

The IRC has five members, Carol S. Perry (Chair), Stephen J. Griggs, Simon Hitzig, Heather A. T. Hunter and Jennifer L. Witterick, each of whom is independent of the Manager.

The IRC prepares and files a report to the Unitholders each fiscal year that describes the IRC and its activities for Unitholders as well as contains a complete list of the standing instructions. These standing instructions 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. This report to the Unitholders is available on the Manager's website at www.scotiabank.com/ETF or, at no cost, by contacting the Manager at 1-866-977-0477.

The compensation and other reasonable expenses of the IRC will be paid out of the assets of the Scotia ETFs as well as out of the assets of the other investment funds for which the IRC may act as the independent review committee.

The main components of compensation are an annual retainer and a fee for each committee meeting attended. The Chair of the IRC is entitled to an additional fee. Expenses of the IRC may include premiums for insurance coverage, travel expenses and reasonable out-of-pocket expenses.

Each member of the IRC receives a fee for attending each meeting of the IRC and each meeting held for education or information purposes ($2,000 per meeting), as well as an annual retainer ($50,000 per member, and $65,000 for the Chair) and is reimbursed for reasonable expenses incurred. These fees and expenses will be allocated among all the investment funds managed by the Manager for which the IRC has been appointed in a manner that, in the Manager's view, is considered fair and reasonable.

Trustee

Pursuant to the Declaration of Trust, 1832 Asset Management L.P. is also the trustee of the Scotia ETFs. The Trustee may resign upon 90 days' notice to Unitholders and the Manager. The address of the Trustee where it principally provides services to the Scotia ETFs is 1 Adelaide Street East, 28th Floor, Toronto, Ontario, M5C 2V9.

The Declaration of Trust provides that the Trustee shall act honestly, in good faith and in the best interests of each Scotia ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out the Trustee's duties.

The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act or, if a partnership, be a partnership that is managed and controlled in Canada; (ii) carry out its function of managing the Scotia ETFs in Canada; or (iii) exercise the main powers and discretions of the Trustee in respect of the Scotia ETFs in Canada. If the Trustee resigns or if it becomes incapable of acting as trustee, the Trustee may appoint a successor trustee prior to its resignation, and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days after the Trustee has provided the Manager with 90 days' notice of its intention to resign, the Scotia ETFs will be terminated, and the property of the Scotia ETF shall be distributed in accordance with the terms of the Declaration of Trust.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

Custodian

State Street Trust Company Canada is the custodian of each Scotia ETF's assets pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the same degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that the Custodian exercises in respect of its own property of a similar nature in its custody. Provided the Custodian has not breached its standard of care as set out in the Custodian Agreement, the Custodian shall not be responsible for the holding or control of any property of a Scotia ETF which is not directly held by the Custodian.

Under the Custodian Agreement, the Manager shall pay fees to the Custodian at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. Each Scotia ETF shall also indemnify the Custodian or any of its officers, directors, employees or agents for any loss, damage or expense, including reasonable legal and expert's fees and expenses, arising in connection with the Custodian Agreement, except to the extent caused by a breach by the Custodian of its standard of care under the Custodian Agreement. The Manager and each Scotia ETF will be indemnified in certain circumstances as set out in the Custodian Agreement. Either party may terminate the Custodian Agreement upon at least 90 days' written notice or immediately if the other party becomes insolvent, makes an assignment for the benefit of creditors, a petition in bankruptcy is filed by or against that party and is not discharged within 30 days, or proceedings for the appointment of a receiver for that party are commenced and not discontinued within 30 days or if the other party is in material breach of the Custodian Agreement and such breach has not been remedied within a period of 30 days after notice of such breach has been given by the terminating party.

Auditors

The auditors of the Scotia ETFs are PricewaterhouseCoopers LLP located in Toronto, Ontario. The auditors of the Scotia ETFs may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

Transfer Agent and Registrar

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the Registrar and Transfer Agent for each Scotia ETF pursuant to registrar and transfer agency agreements entered into as of the date of the initial issuance of Units of each Scotia ETF.

Lending Agent

State Street Bank and Trust Company may act as the securities lending agent for the Scotia ETFs pursuant to the Securities Lending Agreement. The Lending Agent is not an affiliate or associate of the Manager.

Under the Securities Lending Agreement, the collateral posted by a securities borrower to the Scotia ETFs will be required to have an aggregate value of not less than 102% of the market value of the loaned securities. In addition to the collateral held by the Scotia ETFs, the Scotia ETFs will also benefit from a borrower default indemnity provided by the Lending Agent. The Lending Agent's indemnity will provide for the replacement of a number of securities equal to the number of unreturned loaned securities.

Promoter

The Manager is the promoter of the Scotia ETFs within the meaning of the securities legislation of certain provinces and territories of Canada by reason of its initiative of organizing the Scotia ETFs. The promoter will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than as described under "Fees and Expenses".

Affiliated Entities

The only affiliated entities that provide services to the Scotia ETFs and to the Manager in connection with the Scotia ETFs are Scotiabank and Scotia Capital Inc. The amount of fees received from a Scotia ETF by these entities each year is disclosed in the Scotia ETF's audited annual financial statements. The following diagram shows the relationship between the Manager and these entities:

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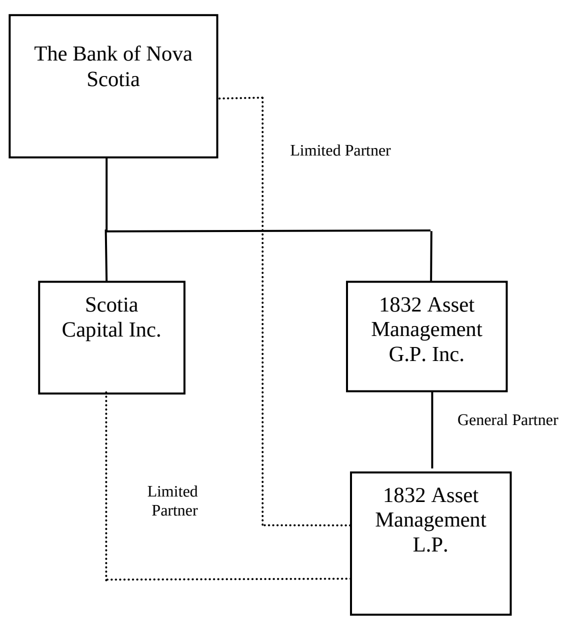

CALCULATION OF NAV

The NAV on a particular date will be equal to the aggregate fair value of the assets of the Scotia ETF less the aggregate fair value of the liabilities of the Scotia ETF, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Unit for each class is calculated by adding up the assets of the Scotia ETF attributable to that class, subtracting the liabilities attributable to that class, and dividing the difference by the total number of Units of that class outstanding.

The NAV per Unit of a class is calculated in Canadian dollars in accordance with the rules and policies of the Securities Regulatory Authorities or in accordance with any exemption therefrom that the Scotia ETF may obtain.

Valuation Policies and Procedures of the Scotia ETFs

In calculating the NAV of a Scotia ETF at any time:

(a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends or distributions received (or to be received and declared to unitholders of record on a date before the date as of which the NAV of a Scotia ETF and any series NAV are being determined) and interest, accrued and not yet received, shall be deemed to be the full amount thereof;

(b) the value of any security which is listed on a stock exchange will be the official closing sale price or, if there is no such sale price, the average of the bid and the ask price at that time by the close of trading of the TSX, generally 4:00 p.m. (Toronto time), all as reported by any report in common use or authorized as official by the stock exchange, provided that if such official closing sale price is not within the latest available bid and ask quotations on the Valuation Date then the Manager has the discretion to determine a value which it considers to be fair and reasonable (the "fair value") for the security based on market quotations the Manager believes most closely reflect the fair value of the investment. The Manager also has the discretion to determine what it considers to be a fair value for the foreign securities which may differ from such securities' most recent closing market prices;

(c) the value of the securities of any unlisted mutual fund will be the NAV per security on the Valuation Date or, if the day is not a valuation date of the mutual fund, the NAV per security on the most recent valuation date for the mutual fund;

(d) the value of any security which is traded on an over-the-counter market will be the closing sale price on the Valuation Date or, if there is no such sale price, the average of the bid and the ask prices at that time, all as reported by the financial press;

(e) the value of long positions and short positions in clearing corporation options is based on the mid-price and the value of long positions and short positions in debt-like securities and warrants that are traded on a stock exchange or other markets will be the closing sale price on the Valuation Date or, if there is no such sale price, the average of the bid and ask prices at that time, all as reported by any report in common use or authorized as official by the stock exchange or, if no bid or ask price is available, the last reported closing sale price of such security;

(f) the value of long positions and short positions in clearing corporation options on futures is based on the daily settlement price determined by the respective exchange (if available); if no settlement price is available, the last reported closing sale price on the Valuation Date; or, if no closing sale price is available, the last reported settlement price of such security;

(g) where a covered clearing corporation option or over-the-counter option is written by a Scotia ETF the premium received by the Scotia ETF will be reflected as a deferred credit which will be valued at an amount equal to the value of the clearing corporation option or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the NAV of the Scotia ETF; the securities, if any, which are the subject of a written clearing corporation option or over-the-counter option will be valued in a manner listed above for listed securities in paragraph (d) above;

(h) the value of any standardized futures contract or forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the standardized futures contract or forward contract, as applicable, on the Valuation Date, unless "daily limits" are in effect, in which case fair market value shall be based on the value of the underlying interest on the Valuation Date as determined in a manner by the Manager in its discretion;

(i) forward currency contracts and currency futures contracts shall be valued on a marked to market basis on the Valuation Day based on reported quotations in common use provided cash is to be settled on maturity of the contracts;

(j) the value of any security or other asset for which a market quotation is not readily available or to which, in the opinion of the Manager, the above principles cannot be applied, will be its fair value on the Valuation Date determined in a manner by the Manager in its discretion; and

(k) the liabilities of each Scotia ETF include:

   (i) all bills, notes and accounts payable;

   (ii) all administrative expenses payable or accrued (including management fees);

   (iii) all contractual obligations for the payment of money or property, including unpaid distributions;

   (iv) all allowances authorized or approved by the Trustee for taxes; and

   (v) all other liabilities of the Scotia ETF; except liabilities represented by outstanding series of Units of any Scotia ETF.

For the purpose of determining the NAV of a Scotia ETF, each Scotia ETF has also adopted the valuation requirements for restricted securities and for margin paid or deposited which have been established by the Canadian securities regulatory authorities.

The market value of investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange established at 11:00 a.m. on each Valuation Date. For the purposes of all such conversions to Canadian currency, the rate of exchange as determined by customary banking sources will be used.

Differences from International Financial Reporting Standards

In accordance with NI 81-106, the fair value of a portfolio security used to determine the daily price of a Scotia ETF's Units for purchases and redemptions by investors will be based on the Scotia ETF's valuation principles set out above, which comply with the requirements of NI 81-106 but differ in some respects from the requirements of International Financial Reporting Standards ("**IFRS**"), which are used for financial reporting purposes only.

The interim financial reports and annual financial statements of each Scotia ETF (the "**Financial Statements**") are required to be prepared in compliance with IFRS. The Scotia ETF's accounting policies for measuring the fair value of their investments (including derivatives) are identical to those used in measuring their NAV for transactions with unitholders, except as disclosed below.

The fair value of a Scotia ETF's investments (including derivatives) is the price that would be received to sell an asset, or the price that would be paid to transfer a liability, in an orderly transaction between market participants as at the date of the Financial Statements (the "**Reporting Date**"). The fair value of a Scotia ETF's financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the Reporting Date (the "**Close Price**"). In contrast, for IFRS purposes, each Scotia ETF uses the Close Price for both financial assets and liabilities where that price falls within that day's bid-ask spread. If a Close Price does not fall within the bid-ask spread, the Close Price will then be adjusted by the Manager to a point within the bid-ask spread that, in the Manager's view, is most representative of fair value based on specific facts and circumstances.

As a result of this potential adjustment or other fair value adjustments the Manager may determine and considers to be fair and reasonable for the security, the fair value of the financial assets and liabilities of a Scotia ETF determined under IFRS may differ from the values used to calculate the NAV of that Scotia ETF.

The Notes to the Financial Statements of the Scotia ETF will include a reconciliation of the differences between the NAV calculated based on IFRS and NI 81-106.

Reporting of NAV

The NAV and NAV per Unit of a class will be calculated as of the Valuation Time on every Valuation Date. Such information will be provided by the Manager to Unitholders on request via email at scotiaetfs@scotiabank.com, or through its website at www.scotiabank.com/ETF.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

Each Scotia ETF is authorized to issue an unlimited number of classes or series of redeemable, transferable Units, each of which represents an undivided interest in the net assets of that Scotia ETF.

On December 16, 2004, the *Trust Beneficiaries' Liability Act*, 2004 (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the province of Ontario. Each Scotia ETF is a reporting issuer under the *Securities Act* (Ontario) and each Scotia ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

Certain Provisions of the Units

Each Unit entitles the holder thereof to one vote at meetings of Unitholders and to participate equally with all other Units of the same class of the Scotia ETF with respect to all payments made to Unitholders, other than Management Fee Distributions and capital gains allocated and designated to a redeeming Unitholder, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Scotia ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of that class of the Scotia ETF. All Units will be issued as fully paid. Unitholders are entitled to require a Scotia ETF to redeem their Units of such Scotia ETF as outlined under the heading "Exchange and Redemption of Units – Redemption of Units of a Scotia ETF for Cash" and "Exchange and Redemption of Units – Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash".

Exchange of Units for Baskets of Securities

As set out under "Exchange and Redemption of Units – Exchange of Units of a Scotia ETF at NAV per Unit for Baskets of Securities and/or Cash", Unitholders may exchange the applicable PNU (or an integral multiple thereof) of a Scotia ETF on any Trading Day for Baskets of Securities and/or cash, subject to the requirement that a minimum PNU be exchanged.

Redemptions of Units for Cash

On any Trading Day, Unitholders may redeem Units of any Scotia ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administration fee determined by the Manager, in its sole discretion, from time to time. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

Modification of Terms

Any amendment to the Declaration of Trust that creates a new class of Units of a Scotia ETF will not require notice to existing Unitholders of the Scotia ETF unless such amendment in some way affects the existing Unitholders' rights or the value of their investment. An amendment such as the re-designation of Units of a Scotia ETF, or the termination of a class of Units of a Scotia ETF, which has an effect on a Unitholder's holdings will only become effective after 30 days' notice to Unitholders of the applicable classes of Units of the Scotia ETF.

All other rights attached to the Units of a Scotia ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust.

Voting Rights in the Portfolio Securities

Holders of Units will not have any voting rights in respect of the securities in a Scotia ETF's portfolio.

UNITHOLDER MATTERS

Meetings of Unitholders

Meetings of Unitholders of a Scotia ETF will be held if called by the Manager or upon the written request to the Manager of Unitholders of the Scotia ETF holding not less than 25% of the then outstanding Units of the Scotia ETF.

Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of Unitholders of a Scotia ETF to be called to approve certain changes as follows:

(i) the basis of the calculation of a fee or expense that is charged to the Scotia ETF or its Unitholders is changed in a way that could result in an increase in charges to the Scotia ETF or to its Unitholders, except where (a) the Scotia ETF is at arm's length with the person or company charging the fee; and (b) the Unitholders have received at least 60 days' notice before the effective date of the change;

(ii) a fee or expense, to be charged to a Scotia ETF or directly to its Unitholders by the Scotia ETF or the Manager in connection with the holding of Units of the Scotia ETF that could result in an increase in charges to the Scotia ETF or its Unitholders, is introduced;

(iii) the Manager is changed, unless the new manager of the Scotia ETF is an affiliate of the Manager;

(iv) the fundamental investment objective of the Scotia ETF is changed;

(v) the Scotia ETF decreases the frequency of the calculation of its NAV per Unit;

(vi) other than a Permitted Merger for which Unitholder approval is not required, the Scotia ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Scotia ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Scotia ETF becoming securityholders in the other mutual fund;

(vii) the Scotia ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the Scotia ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders, and the transaction would be a material change to the Scotia ETF; or

(viii) any matter which is required by the constitutive documents of the Scotia ETF, by the laws applicable to the Scotia ETF or by any agreement to be submitted to a vote of the Unitholders.

In addition, the auditors of a Scotia ETF may not be changed unless the IRC of the Scotia ETF has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of a Scotia ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Scotia ETF duly called and held for the purpose of considering the same approve the related resolution.

Amendments to the Declaration of Trust

If a Unitholder meeting is required to amend a provision of the Declaration of Trust, no change proposed at a meeting of Unitholders of a Scotia ETF shall take effect until the Manager has obtained the prior approval of not less than a majority of the votes cast at such meeting of Unitholders of the Scotia ETF.

Subject to any longer notice requirements imposed under securities legislation, the Trustee is entitled to amend the Declaration of Trust by giving not less than 30 days' notice to Unitholders of each Scotia ETF affected by the proposed amendment in circumstances where:

(a) securities legislation requires that written notice be given to Unitholders of that Scotia ETF before the change takes effect;

(b) the change would not be prohibited by securities legislation; or

(c) the Trustee reasonably believes that the proposed amendment has the potential to adversely impact the financial interests or rights of the Unitholders of that Scotia ETF, so that it is equitable to give Unitholders of that Scotia ETF advance notice of the proposed change.

All Unitholders of a Scotia ETF shall be bound by an amendment affecting the Scotia ETF from the effective date of the amendment.

The Trustee may amend the Declaration of Trust, without the approval of or prior notice to any Unitholders, if the Trustee reasonably believes that the proposed amendment does not have the potential to adversely impact the financial interests or rights of Unitholders of a Scotia ETF or that the proposed amendment is necessary to:

(a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over a Scotia ETF or the distribution of its Units;

(b) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any applicable laws, regulations or policies affecting a Scotia ETF, the Trustee or its agents;

(c) make any change or correction in the Declaration of Trust which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;

(d) facilitate the administration of a Scotia ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of a Scotia ETF or its Unitholders;

(e) protect the Unitholders of a Scotia ETF; or

(f) make any change or correction which is necessary or desirable for the purpose of bringing the Declaration of Trust into conformity with current market practice within the securities or investment fund industries or curing or correcting any administrative difficulty.

Permitted Mergers

A Scotia ETF may, without Unitholder approval, enter into a merger or other similar transaction (a "**Permitted Merger**") that has the effect of combining that Scotia ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Scotia ETF, subject to:

(i) approval of the merger by the IRC;

(ii) compliance with certain merger pre-approval conditions set out in NI 81-102; and

(iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective NAVs and Unitholders of the Scotia ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

Reporting to Unitholders

The fiscal year of each Scotia ETF will be the calendar year. The annual financial statements of the Scotia ETFs will be audited by its auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with International Financial Reporting Standards.

The Manager will ensure that the Scotia ETFs comply with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements. Each Unitholder of a Scotia ETF, other than a Plan, will be mailed annually, within the first 90 days after the Scotia ETF’s taxation year or such other time as required by applicable law, prescribed tax information with respect to amounts paid or payable by the Scotia ETF in respect of that taxation year of that Scotia ETF.

The Manager will keep adequate books and records reflecting the activities of the Scotia ETFs. A Unitholder or his or her duly authorized representative will have the right to examine the books and records of the Scotia ETFs during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Scotia ETFs.

International Information Reporting

Pursuant to the Canada-United States Enhanced Tax Information Exchange Agreement entered into between Canada and the United States (the “**IGA**”) and related Canadian legislation in the Tax Act, the dealers through which Unitholders hold their Units are required to report certain information with respect to Unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents and/or citizens of Canada) or certain entities the “controlling persons” of which are “U.S. Persons”, as defined under the IGA (excluding Registered Plans), to the CRA. The CRA is expected to provide the information to the U.S. Internal Revenue Service.

Pursuant to the provisions of the Tax Act that implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “**CRS Provisions**”), “Canadian financial institutions” (as defined in the CRS Provisions) would be required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with the countries, where such countries have agreed to a bilateral information exchange with Canada under the Common Reporting Standard in which the account holders or such controlling persons are resident. Under the CRS Provisions, Unitholders will be required to provide certain information regarding their investment in a Scotia ETF for the purpose of such information exchange (which information is initially required to be provided to the CRA by May 1, 2018), unless the investment is held within Registered Plans.

TERMINATION OF THE SCOTIA ETFs

Subject to complying with applicable securities law, the Manager may terminate a Scotia ETF at its discretion. In accordance with the terms of the Declaration of Trust and applicable securities law, Unitholders of a Scotia ETF will be provided 60 days’ advance written notice of the termination.

If a Scotia ETF is terminated, the Trustee is empowered to take all steps necessary to effect the termination of the Scotia ETF. Prior to terminating a Scotia ETF, the Trustee may discharge all of the liabilities of the Scotia ETF and distribute the net assets of the Scotia ETF to the Unitholders of the Scotia ETF.

Upon termination of a Scotia ETF, each Unitholder of the Scotia ETF shall be entitled to receive at the Valuation Time on the termination date out of the assets of the Scotia ETF: (i) payment for that Unitholder’s Units at the NAV per Unit for that class of Units of the Scotia ETF determined at the Valuation Time on the termination date; plus (ii) where applicable, any net income and net realized capital gains that have been made payable to such Unitholder but that have not otherwise been paid to such Unitholder; less (iii) any applicable redemption charges and any taxes that are required to be deducted. Payment shall be made by cheque or other means of payment payable to such Unitholder and drawn on the Scotia ETF's bankers and may be mailed by ordinary post to such Unitholder's last address appearing in the registers of Unitholders of that Scotia ETF or may be delivered by such other means of delivery acceptable to both the Manager and such Unitholder.

The Trustee shall be entitled to retain out of any assets of a Scotia ETF, at the date of termination of the Scotia ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the Scotia ETF and the distribution of its assets to the Unitholders of the Scotia ETF. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

PLAN OF DISTRIBUTION

Units are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units shall be offered for sale at a price equal to the NAV of such class of Units determined at the Valuation Time on the effective date of the subscription order.

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of a Scotia ETF (on either a number of Units or fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of the Scotia ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a Scotia ETF then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units of a Scotia ETF (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of a Scotia ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Scotia ETF as a mutual fund trust for purposes of the Tax Act.

RELATIONSHIP BETWEEN THE SCOTIA ETFs AND THE DEALERS

The Manager, on behalf of a Scotia ETF, may enter into various agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of the Scotia ETF as described under "Purchases of Units".

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Scotia ETFs of their Units under this prospectus. Units of a Scotia ETF do not represent an interest or an obligation of the applicable Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Scotia ETF to the applicable Designated Broker or Dealers. See “Organization and Management Details of the Scotia ETFs - Conflicts of Interest”.

PRINCIPAL HOLDERS OF UNITS

CDS & Co., the nominee of CDS, will be the registered owner of the Units of the Scotia ETFs, which it will hold for various brokers and other persons on behalf of their clients and others. From time to time, a Designated Broker, Dealer, Scotia ETF or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of a Scotia ETF.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

Policies and Procedures

The Manager has delegated proxy voting responsibility in respect of the securities held by the Scotia ETFs to the Sub-Advisor. The Sub-Advisor’s proxy voting policies and procedures (“**Proxy Voting Policies**”) guide the Sub-Advisor in determining whether and how to vote on any matter for which the relevant Scotia ETF received proxy materials. The Manager reviews the Sub-Advisor’s Proxy Voting Policies to ensure that the voting rights will be exercised in accordance with the best interests of the Scotia ETFs.

Sub-Advisor’s Proxy Voting Guidelines

BlackRock Canada will comply with the procedures described below with respect to the voting of proxies received from issuers of securities held by the Scotia ETFs. If a Scotia ETF receives a proxy from an investment fund that is managed by the Manager or an affiliate or associate of the Manager (as defined under applicable Canadian securities laws), BlackRock Canada will not vote any of those securities. BlackRock Canada will vote all proxies (or BlackRock Canada will refrain from voting) in accordance with the BlackRock Global Corporate Governance & Engagement Principles (the “**BlackRock Proxy Voting Guidelines**”) together with the regional or market-specific proxy voting guidelines adopted by BlackRock Canada and/or its affiliates.

The BlackRock Proxy Voting Guidelines provide that BlackRock and its subsidiaries, including BlackRock Canada, seek to make proxy voting decisions in the manner most likely to protect and promote the economic value of the companies in which it invests on behalf of clients. When exercising voting rights, BlackRock Canada will normally vote on specific proxy issues in accordance with its proxy voting guidelines for the relevant market. BlackRock Canada may, however, in the exercise of its business judgment, conclude that the BlackRock Proxy Voting Guidelines do not cover the specific matter upon which a proxy vote is requested or that an exception to the BlackRock Proxy Voting Guidelines would be in the best long-term economic interests of BlackRock’s clients.

Disclosure of Proxy Voting Guidelines and Record

The Proxy Voting Policies are available upon request at no charge by calling 1-866-977-0477 for French, or by writing to the Manager at 1832 Asset Management L.P., 1 Adelaide Street East, 28th Floor, Toronto, Ontario M5C 2V9.

The proxy voting record for each Scotia ETF for the most recent 12-month period ending June 30 of each year will be available upon request and at no cost at any time after August 31 of that year. The proxy voting record for each Scotia ETF will also be available on the internet at www.scotiabank.com/ETF. Information contained on the website of the Manager and the Scotia ETFs is not part of this prospectus and is not incorporated herein by reference.

MATERIAL CONTRACTS

The only contracts material to the Scotia ETFs are the Declaration of Trust, Sub-Advisory Agreement, Custodian Agreement and Securities Lending Agreement.

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Manager during the course of distribution of the Units offered hereby.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Scotia ETFs are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Scotia ETFs.

Penalties and Sanctions

The Manager entered into a settlement agreement with the Ontario Securities Commission (the "**OSC**") on April 24, 2018 (the "**Settlement Agreement**"). The Settlement Agreement states that, between November 2012 and October 2017, the Manager failed to (i) comply with National Instrument 81-105 Mutual Fund Sales Practices ("**NI 81-105**") by not meeting the minimum standards of conduct expected of industry participants in relation to certain sales practices; (ii) have systems of controls and supervision over sales practices sufficient to provide reasonable assurances the Manager was complying with its obligations under NI 81- 105; and (iii) maintain adequate books, records and other documents to demonstrate compliance with NI 81-105. The Manager agreed to (i) pay an administrative penalty of $800,000 to the OSC; (ii) submit to a review of its sales practices, procedures and controls by an independent consultant; and (iii) pay costs of the OSC's investigation in the amount of $150,000. Other than the foregoing, the Manager has had no disciplinary history with any securities regulator.

EXPERTS

The matters referred to under "Income Tax Considerations" and certain other legal matters relating to the securities offered hereby will be passed upon on behalf of the Scotia ETFs by Blake, Cassels & Graydon LLP.

The auditors of the Scotia ETFs, PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants have audited the statements of financial position contained herein. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Scotia ETFs within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

EXEMPTIONS AND APPROVALS

The Manager, on behalf of the Scotia ETFs, has applied for, or obtained exemptive relief from the Canadian Securities Regulatory Authorities:

(a) to permit a Unitholder to acquire more than 20% of the Units of a Scotia ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian Securities Legislation;

(b) to relieve the Scotia ETFs from the requirement that a prospectus contain a certificate of the underwriters;

(c) to permit the Manager to call meetings of the Scotia ETFs using the Notice-and-Access Procedure as permitted by the terms of relief;

(d) to permit the Manager to invest in certain exchange traded funds listed on a recognized exchange in Canada that are not "index participation units" where: (i) the Manager does not short sell securities of the exchange traded fund; (ii) the exchange traded fund is not a commodity pool; and (iii) the exchange traded fund is not relying on relief regarding the purchase of physical commodities, the purchase, sale or use of specified derivatives or with respect to the use of leverage; and

(e) to permit the Manager to invest in certain exchange traded funds created and managed by BlackRock Asset Management Canada Limited in compliance with the relief described in (d) above and certain other conditions.

Additionally, certain dealers of the Scotia ETFs, including the Designated Brokers and Dealers of the Scotia ETFs, have received exemptive relief from the Securities Regulatory Authorities from the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the securities legislation of the provinces and territories apply, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement. As a condition of this exemptive relief, the dealer is required to deliver a copy of the ETF Facts of the applicable Scotia ETF to a purchaser if the dealer does not deliver a copy of this prospectus. This relief will expire upon the coming-into-force of amendments to National Instrument 41-101 *General Prospectus Requirements* which will codify the exemptive relief. Currently, the amendments are expected to come-into-force on December 10, 2018.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase exchange traded mutual fund securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about each of the Scotia ETFs is, or will be, available in the following documents:

(i) the most recently filed ETF Facts of the Scotia ETFs;

(ii) the most recently filed comparative annual financial statements of the Scotia ETFs, together with the accompanying report of the auditors;

(iii) any unaudited interim financial statements of the Scotia ETFs filed after the most recently filed comparative annual financial statements of the Scotia ETFs;

(iv) the most recently filed annual MRFP of the Scotia ETFs; and

(v) any interim MRFP of the Scotia ETFs filed after that most recently filed annual MRFP of the Scotia ETFs.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document.

These documents are available at no charge by calling 1-866-977-0477, or by asking your registered investment professional. Unitholders will also find these documents on the Manager's website at www.scotiabank.com/ETF. These documents and other information about the Scotia ETFs are also available at www.sedar.com.

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Scotia ETFs after the date of this prospectus and before the termination of the distribution of the Scotia ETFs are deemed to be incorporated by reference into this prospectus.

INDEPENDENT AUDITOR'S REPORT

To the Unitholder and Trustee of the Scotia ETFs

Re: Scotia Strategic Fixed Income ETF Portfolio
Scotia Strategic Canadian Equity ETF Portfolio
Scotia Strategic U.S. Equity ETF Portfolio
Scotia Strategic International Equity ETF Portfolio
(the "**Scotia ETFs**")

We have audited the accompanying statement of financial position of each of the Scotia ETFs as at May 18, 2018 and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together, the "**financial statements**").

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statement of each of the Scotia ETFs in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Scotia ETFs as at May 18, 2018 in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement.

(Signed) "*PricewaterhouseCoopers LLP*"

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
May 18, 2018

SCOTIA STRATEGIC FIXED INCOME ETF PORTFOLIO
STATEMENT OF FINANCIAL POSITION
(all amounts in Canadian dollars)

As at May 18, 2018

ASSETS	
Current Assets	
Cash	$20
Total Assets	$20
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS)	
Net assets attributable to holders of redeemable units (1 Unit)	$20
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	$20

Approved on Behalf of the Board of Directors of 1832 Asset Management G.P. Inc., general partner for and on behalf of 1832 Asset Management L.P., as Trustee of the Scotia ETFs

(Signed) “*Glen Gowland*”

GLEN GOWLAND
Chairman of the Board and President
1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

(Signed) “*Anil Mohan*”

ANIL MOHAN
Chief Financial Officer
1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

The accompanying notes are an integral part of this statement of financial position.

SCOTIA STRATEGIC CANADIAN EQUITY ETF PORTFOLIO
STATEMENT OF FINANCIAL POSITION
(all amounts in Canadian dollars)

As at May 18, 2018

ASSETS	
Current Assets	
Cash	$20
Total Assets	$20
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS)	
Net assets attributable to holders of redeemable units (1 Unit)	$20
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	$20

Approved on Behalf of the Board of Directors of 1832 Asset Management G.P. Inc., general partner for and on behalf of 1832 Asset Management L.P., as Trustee of the Scotia ETFs

(Signed) "*Glen Gowland*"

GLEN GOWLAND
Chairman of the Board and President
1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

(Signed) "*Anil Mohan*"

ANIL MOHAN
Chief Financial Officer
1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

The accompanying notes are an integral part of this statement of financial position.

SCOTIA STRATEGIC U.S. EQUITY ETF PORTFOLIO
STATEMENT OF FINANCIAL POSITION
(all amounts in Canadian dollars)

As at May 18, 2018

ASSETS	
Current Assets	
Cash	$20
Total Assets	$20
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS)	
Net assets attributable to holders of redeemable units (1 Unit)	$20
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	$20

Approved on Behalf of the Board of Directors of 1832 Asset Management G.P. Inc., general partner for and on behalf of 1832 Asset Management L.P., as Trustee of the Scotia ETFs

(Signed) “*Glen Gowland*”

GLEN GOWLAND
Chairman of the Board and President
1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

(Signed) “*Anil Mohan*”

ANIL MOHAN
Chief Financial Officer
1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

The accompanying notes are an integral part of this statement of financial position.

SCOTIA STRATEGIC INTERNATIONAL EQUITY ETF PORTFOLIO
STATEMENT OF FINANCIAL POSITION
(all amounts in Canadian dollars)

As at May 18, 2018

ASSETS	
Current Assets	
Cash	$20
Total Assets	$20
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS)	
Net assets attributable to holders of redeemable units (1 Unit)	$20
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	$20

Approved on Behalf of the Board of Directors of 1832 Asset Management G.P. Inc., general partner for and on behalf of 1832 Asset Management L.P., as Trustee of the Scotia ETFs

(Signed) "*Glen Gowland*"

GLEN GOWLAND
Chairman of the Board and President
1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

(Signed) "*Anil Mohan*"

ANIL MOHAN
Chief Financial Officer
1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

The accompanying notes are an integral part of this statement of financial position.

Scotia Strategic Fixed Income ETF Portfolio
Scotia Strategic Canadian Equity ETF Portfolio
Scotia Strategic U.S. Equity ETF Portfolio
Scotia Strategic International Equity ETF Portfolio
(the "**Scotia ETFs**")

Notes to the Financial Statements

(all amounts in Canadian dollars)
May 18, 2018

1. General Information

The Scotia ETFs are exchange traded mutual funds established under the laws of the province of Ontario, pursuant to the terms of the Declaration of Trust dated May 18, 2018. Each Scotia ETF is a mutual fund under the securities legislation of the provinces and territories of Canada. 1832 Asset Management L.P. is the trustee, manager and portfolio advisor of the Scotia ETFs ("**Manager**", "**Trustee**", "**Portfolio Advisor**") and is responsible for the administration of the Scotia ETFs. The Manager has retained BlackRock Asset Management Canada Limited ("**BlackRock Canada**" or the "**Sub-Advisor**") to act as sub-advisor of the Scotia ETFs. The principal office of the Scotia ETFs and Manager is 1 Adelaide Street East, 28th Floor, Toronto, Ontario, M5C 2V9.

The Investment Objectives for each of the Scotia ETFs are as presented below:

Scotia Strategic Fixed Income ETF Portfolio seeks to provide a combination of income and modest capital gains by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to fixed income securities.

Scotia Strategic Canadian Equity ETF Portfolio seeks to provide long-term capital growth by investing primarily in securities issued by Canadian exchange-traded funds that provide exposure to equity securities of issuers listed in Canada.

Scotia Strategic U.S. Equity ETF Portfolio seeks to provide long-term capital growth by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to equity securities of issuers listed in the U.S.

Scotia Strategic International Equity ETF Portfolio seeks to provide long-term capital growth by investing primarily in securities issued by Canadian or U.S. exchange-traded funds that provide exposure to equity securities of issuers listed in international developed and developing markets.

These financial statements as at May 18, 2018 were authorized for issue by the Manager on May 18, 2018.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of Preparation

The financial statement of each Scotia ETF has been prepared in accordance with those requirements of International Financial Reporting Standards ("IFRS") relevant to preparing such a financial statement. The financial statement of each Scotia ETF has been prepared under the historical cost convention.

2.2 Functional and Presentation Currency

The financial statement of each Scotia ETF is presented in Canadian dollars, which is the functional and presentation currency of the Scotia ETFs.

2.3 Financial Instruments

The Scotia ETFs recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

Cash comprises amounts held in trust with the legal counsel of the Scotia ETFs and is stated at fair value.

2.4 Redeemable Units

The Scotia ETFs are authorized to issue an unlimited number of redeemable, transferable units, each of which represents an undivided interest in the net assets of that Scotia ETF (the “Units”).

The Units qualify as ‘‘puttable instruments’’ and have been classified as liabilities as per the International Accounting Standard 32, Financial Instruments: Presentation (‘‘IAS 32’’) which states that units or shares of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset should be classified as financial liability if certain criteria are not met.

The Scotia ETFs’ redeemable Units’ entitlements include a contractual obligation to distribute any net income and net realized capital gains at least annually in cash (at the request of the unitholder) and therefore meet the contractual obligation requirement. These features violate criteria that are required in order for the redeemable units to be presented as equity under IAS 32. Consequently, the Scotia ETFs’ outstanding redeemable Units are classified as financial liabilities in these financial statements.

3. Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of cash and the obligation of each Scotia ETF for net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature.

4. Risks associated with financial instruments

The Scotia ETF’s overall risk management program seeks to maximize the returns derived for the level of risk to which a Scotia ETF is exposed and seeks to minimize potential adverse effects on the Scotia ETF’s financial performance.

4.1 Credit risk

The Scotia ETFs are exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at May 18, 2018, the credit risk is considered limited as the cash balance was held in trust with legal counsel.

4.2 Liquidity risk

Liquidity risk is the risk that a Scotia ETF will encounter difficulty in meeting obligations associated with financial liabilities. The Scotia ETFs maintain sufficient cash on hand to fund anticipated redemptions.

5. Capital Risk Management

The capital of the Scotia ETFs is represented by the net assets attributable to holders of Units. The amount of net assets attributable to holders of redeemable units can change.

6. Authorized units

The Scotia ETFs are authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an undivided interest in the net assets of that Scotia ETF.

Each Unit entitles the owner to one vote at meetings of Unitholders and is entitled to participate equally with all other Units of the Scotia ETF with respect to all payments made to Unitholders, other than management fee distributions, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Scotia ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of the Scotia ETF. All Units are fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law.

In accordance with the objectives outlined in Note 1 and the risk management policies in Note 4, the Scotia ETFs endeavour to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The Manager has initially purchased one Unit of each Scotia ETF.

7. **Management Fees and other expenses**

Annual management fees (the "**Management Fees**") are paid by the Scotia ETFs to the Manager in consideration for providing, or arranging for the provision of, management, trustee and portfolio advisory services, maintaining portfolio systems used to manage the Scotia ETFs, maintaining the website of the Scotia ETFs, marketing and promotional services and the payment of fees for sub-advisory services.

The Management Fee is based on a percentage of the NAV of each of the following Scotia ETFs and is listed below:

Scotia ETFs	Management Fee (annual rate)
SFIX	0.45%
SCAD	0.60%
SUSA	0.60%
SINT	0.60%

The Management Fees paid to the Manager by each Scotia ETF are calculated and accrued daily and are generally paid monthly, but in any case not less than quarterly. The Management Fees are exclusive of HST

The Scotia ETFs are also responsible for fees and expenses incurred in complying with NI 81-107, including the fees payable and expenses reimbursed to members of the IRC, brokerage expenses and commissions, fees relating to the usage of derivatives, income tax, HST, withholding and other taxes.

A Scotia ETF is required to pay HST on management fees charged to the Scotia ETF. In general, the total HST paid by a Scotia ETF will depend on the distribution by provincial residence of a Scotia ETF's Unitholders. Changes in existing HST rates, changes to the group of provinces that have adopted harmonization, and changes in the distribution by provincial residence of a Scotia ETF's Unitholders will have an impact on the management expense ratio of a Scotia ETF year over year.

CERTIFICATE OF THE SCOTIA ETFs, THE MANAGER AND PROMOTER

Dated: May 18, 2018

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

1832 ASSET MANAGEMENT L.P.
(as trustee, promoter and manager and on behalf of the Scotia ETFs)

(*Signed*) "*Glen Gowland*"
Chairman of the Board and President
(*Signing in the capacity of Chief Executive Officer*)
1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

(*Signed*) "*Anil Mohan*"
Chief Financial Officer

1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P.

the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., as manager, trustee and promoter of the Scotia ETFs

(Signed) "*Brett Bastin*"
Director

(Signed) "*John Pereira*"
Director