



QUARTERLY FUND HIGHLIGHTS

As of September 30, 2018

Global Economic Highlights

- The Jamaican equity market continued its strong performance during the third quarter, with the JSE Main Index increasing by 14.68%. Year to date the Index increased by 24.26%. This increase was driven in part by sound fundamental performance of listed companies, various stock split announcements, and the declining interest rate environment
- The local yield curve showed relative decline during the quarter as instruments on the shorter end of the curve (<5 years) recorded an average decrease of 93 basis points while longer dated instruments (>=5 years) recorded an average decline of 29 basis points
- The Jamaican Dollar depreciated by 3.65% as at September 2018 (year over year) and 3.26% during the quarter. Increased demand for foreign exchange led to greater pressure on the Dollar during the quarter. The Bank of Jamaica executed its sell auction, increasing market supply by roughly US\$140.5M over the period which resulted in greater FX stability
- The Jamaican economy grew by 2.2% during the second quarter of 2018, relative to the same quarter of 2017. This was as a result of improved performance in both the Goods Producing (7.2%) and the Services (0.6%) industries
- Standard & Poor's revised its outlook upward for Jamaica to Positive from Stable and affirmed its credit rating for the sovereign at B. The Agency indicated that the positive outlook is reflective of the likelihood of another upgrade over the next 12 months which would be dependent on Jamaica further strengthening its external liquidity position while maintaining tight fiscal policy, high primary surpluses and modestly positive real GDP growth
- The US economy has benefited from tax cuts, solid growth, and increased manufacturing and business investment. This economic growth cycle is forecast to be the longest on record over the past 80 years. Trade tensions remain escalated with China due to the imposition of tariffs

Source: Scotia Investments Jamaica Limited, October 2018
Scotiabank Global Economics, Global Outlook, October 2018

Historical Fund and Portfolio Performance

As of September 30, 2018, all data is reported in the base currency of the Fund. Returns are net of management fees and fund expenses are expressed as a percentage which are based on Class A assets and currencies. Returns are annualized with the exception of periods less than one year.

Funds	Inception Date	1 Month	3 Months	6 Months	YTD	1 Year	3 Years	5 Years	10 years	Since Inception
Scotiabank Money Market Fund (USD)	10/27/1999	0.14	0.38	0.73	0.95	1.11	0.51	0.31	0.22	1.50
<i>BofAML US US Treasury Bills 0-3 Mon Total Return USD</i>		0.15	0.49	0.93	1.27	1.53	0.78	0.48	0.30	
Scotiabank US Dollar Bond Fund (USD)	12/21/1992	-0.74	-0.39	-0.93	-2.85	-2.78	-0.62	0.35	1.75	3.76
<i>BofAML US Corp & Govt Master Total Return USD</i>		-0.68	0.04	-0.27	-1.82	-1.33	1.43	2.30	3.97	
Scotia Caribbean Income Fund (USD)	03/31/2009	-0.27	0.18	-1.29	-1.30	-1.01	2.42	2.85	N/A	4.93
<i>Scotia Caribbean Bond Index</i>		0.47	1.75	0.29	-0.17	0.97	5.71	5.08	N/A	
Scotiabank Global Growth Fund (USD)	06/23/1994	-2.50	-2.43	0.31	-1.24	5.47	14.19	8.54	5.87	5.11
<i>MSCI All Country World Net Return USD</i>		0.44	4.28	4.83	3.83	9.77	13.40	8.67	8.19	
Scotiabank US Growth Fund (USD)	10/27/1999	-1.87	3.22	7.40	4.68	12.49	14.26	11.36	9.17	3.01
<i>S&P 500 Total Return USD</i>		0.57	7.71	11.41	10.56	17.91	17.31	13.95	11.97	
Scotiabank Canadian Growth Fund (USD)	06/23/1994	0.70	3.19	4.97	-4.98	-2.11	3.47	-2.02	-0.02	5.55
<i>S&P/TSX Composite Total Return USD</i>		-0.02	1.19	5.89	-1.75	2.44	11.05	2.98	4.24	
Scotia Premium Money Market Fund (JMD)	07/06/2011	0.08	0.47	1.00	1.81	1.89	3.73	4.83	N/A	4.96
<i>3-month GOJ T-Bill*</i>		0.13	0.51	1.21	2.10	3.29	N/A	N/A	N/A	
Scotia Premium US\$ Indexed Fund (JMD)	01/15/2016	-1.16	5.05	7.32	8.31	4.79	N/A	N/A	N/A	6.96
<i>SJIL Customized US\$ Indexed Bond Benchmark</i>		-0.75	5.69	7.98	9.12	5.74	N/A	N/A	N/A	
Scotia Premium Fixed Income Fund (JMD)	02/11/1994	-0.08	4.03	7.36	9.29	12.32	8.26	7.38	8.90	10.93
<i>SJIL Customized Medium Term JA\$ Bond Benchmark</i>		0.31	1.41	9.30	12.36	21.64	N/A	N/A	N/A	
Scotia Premium Growth Fund (JMD)	06/23/1987	4.78	10.09	13.60	15.00	19.17	40.99	28.09	14.78	16.65
<i>SJIL Customized Jamaican Equity Benchmark**</i>		9.33	16.92	25.12	30.56	38.90	59.76	45.84	N/A	

*Benchmark returns are based solely on the 3-month GOJ T-Bill rates for the 1-month and 3-month periods, while for the remaining periods the returns are based on a combination of the 1-month and 3-month GOJ T-bill rates

**Comprises the top 25 most liquid stocks on the Jamaica Stock Exchange, with a 5% carve out for cash

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Fund Highlights

Below is information on what specifically affected the performance of each fund, and how the Portfolio Manager is positioning the fund going forward.

Contributors (Factors that helped performance)	Detractors (Factors that hindered performance)	Positioning at Quarter End	Outlook: Short-Term and Long-Term
Scotiabank Money Market Fund (US\$) Portfolio Manager: 1832 Asset Management L.P.			
<ul style="list-style-type: none"> The yield of the Fund, before fees, increased from 2.17% to 2.22% during the quarter The Fund's holdings of floating rate notes were the primary contributor to performance due to their variable coupons that reset at a higher rate following recent interest rate increases 	<ul style="list-style-type: none"> The Fund's return was affected by an under allocation to commercial paper which resulted from its low supply in the market 	<ul style="list-style-type: none"> The Fund increased its exposure to Canadian provincial money market issues due to their attractive yield This resulted in a lower allocation to short-term bonds and government guaranteed issues 	<ul style="list-style-type: none"> The yield of the Fund is expected to increase as US interest rates are forecast to rise by 1% over the next 12 months Higher interest rates are forecast due to strong US growth, low unemployment, moderate inflation and positive economic indicators
Scotiabank US Dollar Bond Fund (US\$) Portfolio Manager: 1832 Asset Management L.P.			
<ul style="list-style-type: none"> The Fund's holdings of conservative corporate bonds contributed to returns as credit spreads narrowed The lower duration for the Fund relative to the index had a positive impact on returns due to an increase in yields on US Treasury bonds 	<ul style="list-style-type: none"> The Fund's holdings of bonds of different maturities (yield curve positioning) had a slight negative impact on returns as yields increased more on shorter-term bonds 	<ul style="list-style-type: none"> The Fund's duration was slightly lower than the benchmark to reduce interest rate risk The Fund holds high quality corporate bonds to reduce credit risk 	<ul style="list-style-type: none"> The yields on both the 2-Yr and 10-Yr bonds increased during the quarter by 29 bps and 20 bps respectively, resulting in a flattening of the yield curve Credit spreads decreased from 1.30% to 1.13% at the end of Q3 and were below their 5-year average of 1.33% Higher interest rates and continued economic growth may result in an increase in yields on both short and long-term bonds
Scotia Caribbean Income Fund (US\$) Portfolio Manager: Scotia Investments Jamaica Ltd.			
<ul style="list-style-type: none"> The Fund's selection of non-Caribbean sovereigns positively impacted performance during the quarter. This was driven by exposure to high quality assets including Chilean bonds 	<ul style="list-style-type: none"> The Fund experienced notable price declines in Trinidadian and Aruban global bonds The Fund's underweight exposure to Caribbean sovereign bonds detracted from performance when compared to the benchmark The Fund's selection of corporate bonds detracted from performance with notable declines in Petrotrin and Sagcor bond prices 	<ul style="list-style-type: none"> Reduce exposure to money market securities and deploy cash to purchase bonds based on reduction in global bond prices Monitor to increase exposure to attractive non-Caribbean sovereign bonds Rebalance corporate bond holdings Continue to manage the duration of the Fund to mitigate the impact of rising rates 	<ul style="list-style-type: none"> Expectation of at least one additional interest rate increase by the US Federal Reserve in 2018 Continued market volatility given ongoing trade tensions between the US and its major trading partners Ongoing geopolitical risks Slowdown in issuance of fixed income securities as interest rates continue to increase

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Contributors (Factors that helped performance)	Detractors (Factors that hindered performance)	Positioning at Quarter End	Outlook: Short-Term and Long-Term
Scotiabank Global Growth Fund (US\$) Portfolio Manager: Davis Advisors			
<ul style="list-style-type: none"> The Fund's lack of exposure to the real estate and consumer staples sectors contributed to performance during the quarter, relative to the index The Fund's top contributors to performance, relative to the index, were Amazon, a US-based multinational e-commerce and cloud computing company, Sul America, Brazil's 2nd largest insurance company, and Google, a US-based internet technology company 	<ul style="list-style-type: none"> The Fund's investments within the consumer discretionary and information technology sectors detracted from returns during the quarter, relative to the index The holdings that were the largest detractors from returns, relative to the index, were JD.com, a Chinese e-commerce company, New Oriental, a provider of educational services in China, and Naspers, a South African multinational internet and media company 	<ul style="list-style-type: none"> The Fund's holdings in the consumer discretionary sector were 12% higher than that of the index at the end of Q3 The Fund had an 11% higher exposure to the information technology sector than the index The Fund generally does not invest in the telecommunications or utilities sectors due to low expected earnings growth The Fund had a regional allocation of 48% US, 23% China and 16% Europe. Emerging markets represented 31% of assets 	<ul style="list-style-type: none"> The global economy remains strong but has likely passed from peak growth to a more mature stage of the business cycle US equities were supported by revenue growth and an expansion of corporate earnings, partially due to tax cuts International equities generally rose but Europe was affected by ongoing Brexit negotiations, China was affected by trade tension with the US, and many markets experienced slower growth Market volatility remains elevated due to the late stage of the business cycle, elevated trade tensions and tightening monetary policy
Scotiabank U.S. Growth Fund (US\$) Portfolio Manager: Davis Advisors			
<ul style="list-style-type: none"> The Fund's lack of exposure to the real estate, materials and utilities sectors were the leading contributors to returns during the quarter, relative to the index, as those sectors underperformed The Fund's top contributor to performance, relative to the index, was Amazon, a US-based multinational e-commerce and cloud computing company, Berkshire Hathaway, a multinational holding company, and Google, a US-based internet technology company 	<ul style="list-style-type: none"> The Fund's investments within the information technology, financial and health care sectors were the leading detractors from returns during the quarter, relative to the index The holdings that were the largest detractors from returns, relative to the index, were Facebook, a US-based online social networking service, Adient, a US automotive seating company, and General Electric, an American multinational conglomerate 	<ul style="list-style-type: none"> At quarter-end, the financial sector (+25%) was the only significantly large relative overweight position in the Fund Investments in the financial sector were diversified across banks (Wells Fargo, JP Morgan, US Bancorp), securities custodians (BNY Mellon), credit card companies (Capital One, AMEX), Insurers (Chubb, Markel) and holding companies (Berkshire, Loews) The Fund had a large underweight position, relative to the benchmark, in the information technology (-11%) and health care (-10%) sectors The Fund does not generally invest in the telecommunications or utilities sectors due to low expected earnings growth 	<ul style="list-style-type: none"> Gains in US equities were driven by higher revenues, tax cuts and moderate wage growth The US manufacturing sector is forecast to have its largest increase in 7 years in 2018, followed by a slightly lower increase in 2019 Market volatility remains elevated due to the late stage of the business cycle, valuations and an escalation of trade tensions with China The US Fed is forecast to raise interest rates by 1% over the next year

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Contributors (Factors that helped performance)	Detractors (Factors that hindered performance)	Positioning at Quarter End	Outlook: Short-Term and Long-Term
Scotiabank Canadian Growth Fund (US\$) Portfolio Manager: 1832 Asset Management L.P.			
<ul style="list-style-type: none"> The Fund outperformed its benchmark by 200 basis points during the quarter The Fund's investments in the materials and consumer discretionary sectors were the largest contributors to returns relative to the benchmark The Fund's top relative contributors to performance in the quarter were Intact Financial, the largest property and casualty insurer in Canada, Canadian National Railway, a leading railroad operator, and Couche Tarde, a multinational convenience store operator 	<ul style="list-style-type: none"> The Fund's lack of exposure to health care stocks detracted from performance as this was the best performing sector The Fund's top relative detractors during the quarter were Franco-Nevada, a mining company, PrairieSky Royalty, an energy producer, and Saputo, a top 10 global dairy company 	<ul style="list-style-type: none"> The Fund had a lower allocation than the benchmark to the health care sector The Fund had a higher allocation than the benchmark to the consumer discretionary sector The Fund had 2.4% exposure to US securities 	<ul style="list-style-type: none"> The S&P/TSX experienced a gain in the financial sector but was offset by losses in the energy and materials sectors due to lower commodity prices Growth is expected to be supported by increased business investment and exports The Canadian Dollar has appreciated relative to the US Dollar, due in part to the completion of a revised free trade agreement with the US and Mexico, potentially higher rates, and positive growth The Bank of Canada is expected to increase interest rates by 1% over the next year due to capacity constraints and inflationary pressures
Scotia Premium Money Market Fund (J\$) Portfolio Manager: Scotia Investments Jamaica Ltd.			
<ul style="list-style-type: none"> Overweight exposure to local corporate bonds positively contributed to performance for the period Selection of USD corporate indexed-bonds also contributed 	<ul style="list-style-type: none"> Selection of variable rate GOJ bonds was a detractor during the quarter 	<ul style="list-style-type: none"> Manage duration within the 0.25 policy limit Pursue T-Bills, BOJ CDs, VR GOJ and short duration corporate instruments 	<ul style="list-style-type: none"> The expectation is for local interest rates to remain low over the short-term
Scotia Premium US\$ Indexed Fund (J\$) Portfolio Manager: Scotia Investments Jamaica Ltd.			
<ul style="list-style-type: none"> Contributors to performance during the quarter included selection of USD-indexed corporate bonds, and selection of GOJ global bonds 	<ul style="list-style-type: none"> Primary detractors included underweight exposure to BOJ USD bonds and to cash & cash equivalents 	<ul style="list-style-type: none"> Manage liquidity for net redemptions Increase exposure to short duration USD investment grade securities with USD cash 	<ul style="list-style-type: none"> The Jamaican Dollar is expected to depreciate against the US Dollar at a moderate pace during 2018, with bouts of volatility The US Federal Reserve is expected to raise interest rates at least one more time in 2018 which could adversely affect bond prices
Scotia Premium Fixed Income Fund (J\$) Portfolio Manager: Scotia Investments Jamaica Ltd.			
<ul style="list-style-type: none"> Contributors during the quarter included the Fund's underweight exposure to local GOJ variable rate instruments, its overweight allocation to local corporate instruments, and the positive currency effect from USD holdings 	<ul style="list-style-type: none"> Selection of local GOJ fixed rate instruments was the main detractor during the quarter 	<ul style="list-style-type: none"> Reduce exposure to longer dated GOJ local fixed rate bonds (over 20 years) and increase exposure to medium-term GOJ local fixed rate bonds (2 to 5 years) Increase repo exposure in the event of an uptick in local interest rates Increase exposure to short duration USD investment grade securities with USD cash 	<ul style="list-style-type: none"> The Jamaican Dollar is expected to depreciate against the US Dollar at a moderate pace during 2018 with bouts of volatility Local corporate issuers could refinance at lower coupons which would impact returns The US Federal Reserve is expected to raise interest rates at least one more time in 2018 which could adversely affect bond prices

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Scotia Premium Growth Fund (JM\$) Portfolio Manager: Scotia Investments Jamaica Ltd.			
<ul style="list-style-type: none"> The year-to-date depreciation of the JMD had a positive currency effect on the Fund's USD assets The Fund's investments in the financial and manufacturing sectors contributed the most to performance during the period The major individual contributors to performance were Supreme Ventures, Scotia Group and Seprod shares 	<ul style="list-style-type: none"> The primary detractor from returns during the period was the Fund's underweight exposure to local equities compared to the benchmark, particularly within the conglomerate and manufacturing A decline in one of the Fund's top holdings, NCB Financial Group, was also a significant detractor 	<ul style="list-style-type: none"> The most significant weightings were in the local market within the financial and conglomerate sectors which are the sectors expected to lead overall market performance The Fund's largest US equity holdings were in the information technology and financial sectors, with holdings also in the health care and energy sectors 	<ul style="list-style-type: none"> The Jamaican stock market is expected to post moderately positive returns for 2018 Local liquidity levels are expected to remain high, with relatively low interest rates Moderate economic growth is expected, as real GDP for the calendar year 2018 is expected to be between 1.0% and 1.5%, barring poor weather conditions Volatility in the US equity markets is expected to continue, however, fundamentals remain strong and solid earnings growth is anticipated

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