

SCOTIABANK US DOLLAR BOND FUND

UNAUDITED FINANCIAL STATEMENTS

QUARTER ENDED DECEMBER 31, 2018

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INDEX TO UNAUDITED FINANCIAL STATEMENTS
QUARTER ENDED DECEMBER 31, 2018

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SCOTIABANK US DOLLAR BOND FUND
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
(expressed in United States dollars)

	<u>31-Dec-18</u>	<u>30-Sep-18</u>	<u>31-Dec-17</u>
ASSETS			
Cash and cash equivalents	\$ 923,205	\$ 1,254,806	\$ 750,884
Financial assets at fair value through profit or loss (Amortized cost: \$43,963,629 (September 2018: \$58,942,962; December 2017: \$67,933,000))	43,593,411	57,693,993	67,932,777
Interest receivable	255,305	378,831	598,572
Subscriptions receivable	496	9,455	496
Receivable from Manager	157	-	-
	<u>44,772,574</u>	<u>59,337,085</u>	<u>69,282,729</u>
LIABILITIES			
Management fee payable	41,631	40,709	51,495
Accrued expenses	27,279	34,663	39,256
Redemptions payable	11,500	3,168	8,035
Liabilities (excluding net assets attributable to holders of redeemable participating shares)	<u>80,410</u>	<u>78,540</u>	<u>98,786</u>
Management shares	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Net assets attributable to holders of redeemable participating shares	<u>\$ 44,691,164</u>	<u>\$ 59,257,545</u>	<u>\$ 69,182,943</u>
Net asset value per redeemable participating share			
Class A			
\$38,087,223/14,538,390 shares (September 2018:38,643,391/14,938,013 shares; December 2017: \$47,647,119/17,894,742 shares)	<u>\$ 2.62</u>	<u>\$ 2.59</u>	<u>\$ 2.66</u>
Class NU			
\$1,911,373/765,867 shares (September 2018: \$1,929,478/781,955 shares; December 2017:\$2,176,684/853,852 shares)	<u>\$ 2.50</u>	<u>\$ 2.47</u>	<u>\$ 2.55</u>
Class IU			
\$4,692,044/1,650,771 shares (September 2018: \$18,684,158/6,676,983 shares; December 2017: \$19,358,615/6,781,875 shares)	<u>\$ 2.84</u>	<u>\$ 2.80</u>	<u>\$ 2.85</u>
Class IJ			
JMC66,860/558 shares (September 2018: JMC69,582/558 shares; December 2017: JMC65,488/558 shares)	<u>JMC 119.77</u>	<u>JMC 124.64</u>	<u>JMC 117.31</u>

Approved for issuance on behalf of Scotiabank US Dollar Bond Fund's Board of Directors by:

Farried Sulliman
Farried Sulliman
Director

Dwight Burrows
Dwight Burrows
Director

Date : February 8, 2019

SCOTIABANK US DOLLAR BOND FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

QUARTER ENDED DECEMBER 31, 2018

(expressed in United States dollars)

	<u>31-Dec-18</u>	<u>30-Sep-18</u>	<u>31-Dec-17</u>
Income			
Interest income	\$ 376,788	\$ 422,640	\$ 374,532
Net realized (loss) gain financial assets at fair value through profit or loss	(631,015)	(265,148)	14,084
Net change in unrealized appreciation (depreciation) on financial assets at fair value through profit or loss	<u>878,751</u>	<u>(128,461)</u>	<u>(101,455)</u>
Total net income	<u>624,524</u>	<u>29,031</u>	<u>287,161</u>
Expenses			
Management fees	123,344	134,118	152,340
Custodian and administration fees	17,847	17,847	16,839
Other expenses	14,995	17,312	17,339
Professional fees	<u>10,855</u>	<u>5,841</u>	<u>6,349</u>
Total operating expenses	<u>167,041</u>	<u>175,118</u>	<u>192,867</u>
Less: expenses reimbursed	<u>(156)</u>	<u>-</u>	<u>-</u>
Net operating expenses	<u>166,885</u>	<u>-</u>	<u>-</u>
Operating gain (loss)	<u>457,639</u>	<u>(146,087)</u>	<u>94,294</u>
Increase (Decrease) in net assets from operations attributable to holders of redeemable participating shares	<u>\$ 457,639</u>	<u>\$ (146,087)</u>	<u>\$ 94,294</u>

SCOTIABANK US DOLLAR BOND FUND
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS
QUARTER ENDED DECEMBER 31, 2018
(expressed in United States dollars)

	<u>31-Dec-18</u>	<u>30-Sep-18</u>	<u>31-Dec-17</u>
Shareholders' Equity			
Share Capital	\$ 97,439	\$ 151,858	\$ 183,194
Share Premium	36,420,685	51,390,286	59,539,788
Retained Earnings	7,715,401	7,861,488	9,365,667
Increase (decrease) in net assets for the quarter	<u>457,639</u>	<u>(146,087)</u>	<u>94,294</u>
Net assets attributable to holders of redeemable participating shares	<u>\$ 44,691,164</u>	<u>\$ 59,257,545</u>	<u>\$ 69,182,943</u>

SCOTIABANK US DOLLAR BOND FUND
UNAUDITED STATEMENT OF CASH FLOWS
QUARTER ENDED DECEMBER 31, 2018
(expressed in United States dollars)

	<u>31-Dec-18</u>	<u>30-Sep-18</u>	<u>31-Dec-17</u>
Cash flows from operating activities			
Interest received	\$ 458,820	\$ 598,929	\$ 1,726,931
Operating expenses paid	(173,347)	(170,840)	(795,467)
Reimbursements received from manager	(156)	-	-
Purchase of financial assets at fair value through profit or loss	(20,316,102)	(15,735,929)	(51,406,534)
Proceeds from sale and maturity of financial assets at fair value through profit or loss	<u>34,705,914</u>	<u>21,807,412</u>	<u>57,520,819</u>
Net cash provided by operating activities	<u>14,675,129</u>	<u>6,499,572</u>	<u>7,045,749</u>
Cash flows from financing activities			
Proceeds from subscriptions of redeemable participating shares	418,033	878,313	6,519,244
Payments for redemption of redeemable participating shares	<u>(15,424,763)</u>	<u>(6,888,025)</u>	<u>(13,043,029)</u>
Net cash used in financing activities	<u>(15,006,730)</u>	<u>(6,009,712)</u>	<u>(6,523,785)</u>
Net change in cash and cash equivalents	(331,601)	489,860	521,964
Cash and cash equivalents at beginning of period	<u>1,254,806</u>	<u>764,946</u>	<u>228,920</u>
Cash and cash equivalents at end of period	<u>\$ 923,205</u>	<u>\$ 1,254,806</u>	<u>\$ 750,884</u>

SCOTIABANK US DOLLAR BOND FUND
UNAUDITED NOTES TO FINANCIAL STATEMENTS
QUARTER ENDED DECEMBER 31, 2018

1. General

Scotiabank US Dollar Bond Fund (the "Company") was incorporated in the Cayman Islands on December 21, 1992 and registered under the Mutual Fund Law of the Cayman Islands. The Company is an open ended investment company which may issue and redeem its shares at a price based on the underlying net asset value. The address of the registered office is Scotia Centre, 6 Cardinal Avenue, P.O. Box 501, Grand Cayman KY1-1106. The Company has no employees.

2. Significant accounting policies

These statements are prepared using the International Accounting Standards. Security transactions are accounted for on a trade date basis. Realized gains and losses on the sales of portfolio securities are calculated on an average cost basis. Interest is recorded on an accrual basis and dividend income is recognized on the ex-dividend date.