

# **SCOTIA PREMIUM US DOLLAR INDEXED FUND**

## **UNAUDITED FINANCIAL STATEMENTS**

**THREE MONTHS ENDED  
October 31, 2018**

**SCOTIA PREMIUM US DOLLAR INDEXED FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**(expressed in Jamaican Dollars)**

	Three months ended October 31	Three months ended July 31
Unaudited (\$000's)	2018	2018
<b>Revenue</b>		
Interest		
Financial assets at fair value through profit or loss	28,715	30,230
Financial assets at amortised cost	2,410	1,246
Foreign exchange (loss) gain	(5,520)	24,343
Revaluation (loss) gain on financial assets at fair value through profit or loss	(116,868)	141,826
<b>Total revenue</b>	<b>(91,263)</b>	<b>197,645</b>
<b>Expenses</b>		
Management fees	8,194	9,595
Other	3,904	3,396
<b>Total operating expenses</b>	<b>12,098</b>	<b>12,991</b>
<b>(Loss) profit for the period, being (decrease) increase in net assets attributable to holders of redeemable units</b>	<b>(103,361)</b>	<b>184,654</b>

**SCOTIA PREMIUM US DOLLAR INDEXED FUND**  
**STATEMENT OF FINANCIAL POSITION**  
 (expressed in Jamaican Dollars)

	As of October 31	As of July 31
Unaudited (\$000's)	2018	2018
<b>ASSETS</b>		
Cash	69,796	175,820
Financial assets at fair value through profit or loss	1,315,472	1,394,499
Financial assets at amortised cost	1,175,872	1,086,532
Due from Fund Manager	2,282	-
<b>Total assets</b>	<b>2,563,422</b>	<b>2,656,851</b>
<b>LIABILITY</b>		
Other payables, being total liability	6,713	5,287
<b>Net assets attributable to holders of redeemable units</b>	<b>2,556,709</b>	<b>2,651,564</b>
<b>Represented by:</b>		
<b>Net assets attributable to holders of redeemable units</b>	<b>2,556,709</b>	<b>2,651,564</b>

Issuance approved and signed on December 3, 2018 on behalf of the Board of Scotia Investments  
 Jamaica Limited by:

Lissant Mitchell

Lissant Mitchell  
 Director

Barbara Alexander

Barbara Alexander  
 Director

**SCOTIA PREMIUM US DOLLAR INDEXED FUND**  
**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS**  
**(expressed in Jamaican Dollars)**

Unaudited (\$000's)	Three months ended October 31 2018	Three months ended July 31 2018
<b>Balance at beginning of the period</b>	2,651,564	2,560,902
Profit for the period, being (decrease) increase in net assets attributable to holders of redeemable units	(103,361)	184,654
	2,548,203	2,745,556
Contributions and redemptions by holders of redeemable units:		
Issue of redeemable units during the period	78,380	22,142
Reinvestments	9,991	10,131
Redemption of units during the period	(65,583)	(111,470)
Distributions	(14,282)	(14,795)
<b>Contributions and redemptions by holders of redeemable units, net</b>	8,506	(93,992)
<b>Balance at end of the period</b>	2,556,709	2,651,564

**SCOTIA PREMIUM US DOLLAR INDEXED FUND**  
**STATEMENT OF CASH FLOWS**  
**(expressed in Jamaican Dollars)**

	Three months ended October 31	Three months ended July 31
<b>Unaudited (\$000's)</b>	<b>2018</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
(Decrease) increase in net assets attributable to holders of redeemable units	(103,361)	184,654
Adjustments for:		
Revaluation (loss) gain on financial assets at fair value through profit or loss	116,868	(141,826)
Interest income	(31,125)	(31,476)
	<u>(17,618)</u>	<u>11,352</u>
<b>Changes in operating assets and liabilities</b>		
Financial assets at fair value through profit and loss	(36,409)	415,539
Financial assets at amortised cost	(81,158)	(225,450)
Due from Fund Manager	(2,282)	-
Other payables	1,426	(587)
Proceeds from new units available for investments	78,380	22,142
Payments for units encashed	(65,583)	(111,470)
Proceeds from income reinvested	9,991	10,131
Income distribution	(14,282)	(14,795)
	<u>(127,535)</u>	<u>106,862</u>
Interest received	21,511	44,070
Net cash provided by operating activities, being net (decrease) increase in cash	(106,024)	150,932
Cash at beginning of the period	175,820	24,888
<b>Cash at end of the period</b>	<b><u>69,796</u></b>	<b><u>175,820</u></b>

**SCOTIA PREMIUM US DOLLAR INDEXED FUND**  
**Notes to the Financial Statements**  
**October 31, 2018**

**1. The Scotia Premium US Dollar Indexed Fund**

The Scotia Premium US Dollar Indexed Fund (“the Fund”) is registered in Jamaica as a unit trust scheme under the Unit Trusts Act. Effective December 1, 2016, there was a consolidation of the asset management activities within Scotia Investments Jamaica Limited (SIJL). Fund management services previously conducted by Scotia Asset Management (Jamaica) Limited (SAMJ), were transferred to its parent company, Scotia Investments Jamaica Limited, (“Fund Manager”). The Trustee is JCSD Trustee Services Limited. Both the Fund Manager and the Trustee are incorporated and domiciled in Jamaica. The registered office of the Fund is located at 7 Holborn Road, Kingston 10.

Scotia Investments Jamaica Limited (“Fund Manager”) is a wholly-owned subsidiary of Scotia Group Jamaica Limited (“Scotia Group”).

The Fund is a United States Dollar indexed fixed income portfolio denominated in Jamaican Dollars. The investment objective of this portfolio is to maximize total Jamaican Dollar return to unit holders by primarily investing in a diversified mix of United States Dollar denominated fixed income instruments. The Fund commenced operations on January 15, 2016.

The income of the Fund is exempt from income tax, under section 13(t) of the Income Tax Act.

**2. Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and comply with the provisions of the Trust Deed.

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss which are stated at fair value.

These financial statements are presented in Jamaican dollars, which is the Fund’s functional currency.

**3. Financial assets – classification and measurement**

The Fund has classified financial assets and liabilities into the following categories:

*Financial assets at fair value through profit or loss:*

Designated as at fair value through profit or loss – bonds and other notes.

*Loans and receivables:*

Financial assets at amortised cost – cash, accounts receivable, due from Fund Manager and resale agreements.

*Financial liabilities measured at cost:*

Other liabilities - due to Fund Manager and other payables.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the amount recognized and the maturity amount, minus any reduction for impairment.

**SCOTIA PREMIUM US DOLLAR INDEXED FUND**  
**Notes to the Financial Statements (continued)**  
**October 31, 2018**

**3. Financial assets – classification and measurement (continued)**

Fair value measurement

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act.

When available, the Fund measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if the quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Fund establishes fair value using pricing models or discounted cash flow techniques or a generally accepted alternative method. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date and incorporate all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

The fair values of cash, accounts receivable, due to Scotia Investments Jamaica Limited and accounts payable are assumed to approximate to their carrying values, due to their short-term nature. The fair value of resale agreements is assumed to approximate their carrying value as they are subject to repricing in the short-term at market rate. The fair value of Government of Jamaica securities is determined using an alternative pricing method.

All changes in fair value, other than interest and dividend income, are recognised in profit or loss.

**4. Redeemable Units**

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable units issued by the Fund provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at the redemption date and also in the event of the Fund's liquidation. The redeemable units are classified as financial liabilities and are measured at the present value of the redemption amounts. The number of units in issue at October 31, 2018 was 23,502,054 (July 31, 2018: 23,299,998).

**5. Unit price/yield**

(a) The yield of the Fund for the three months ended October 31, 2018 was 3.72% (July 31, 2018: 3.69%).

The calculation of yield is based on the annualised movement in unit price over the period.

(b) The price per unit as at October 31, 2018 was:

Buying/selling - \$108.72 (July 31, 2018: \$113.80)

The price per unit is arrived at by dividing the value of the net deposited property, less sales and fiscal charges, by the number of units in issue.

**6. Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, amounts due from other banks, and highly liquid financial assets with original maturities of less than three months, which are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in their fair value.