

# Quarterly fund performance update

As of June 30, 2020

## 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
<b>Scotia Money Market Fund (US\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund had a gross yield of 0.63% at quarter-end</li> <li>&lt; Fixed rate securities contributed to returns due to the drop in interest rates</li> <li>&lt; Ultra short-term corporate bonds contributed to performance due to narrower credit spreads</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Fund performance was negatively impacted by the drop in the Federal Funds rate to 0.25% in March</li> <li>&lt; The Fund's yield was impacted by securities that matured and were reinvested at lower rates</li> <li>&lt; Floating rate notes detracted from returns due to the downward pressure on their return</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Increased allocation to overnight deposits for enhanced liquidity and yield</li> <li>&lt; Continued investments in high quality ultra short-term corporate bonds due to their higher yield</li> <li>&lt; A higher allocation to government guaranteed securities to increase liquidity</li> <li>&lt; Exposure to floating rate notes was reduced</li> <li>&lt; Maintain an average term to maturity that was shorter than the benchmark to ensure liquidity</li> <li>&lt; The Fund remains focused on maintaining superior credit quality</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The current level of monetary and fiscal stimulus may not be enough to support the economy, and risk premiums may increase if higher COVID infection rates result in economic closures</li> <li>&lt; Market volatility will remain elevated for the foreseeable future</li> </ul>
<b>Scotia Premium Money Market Fund (J\$)</b>			
<ul style="list-style-type: none"> <li>&lt; Overweight exposure to local fixed rate corporate bonds contributed positively to performance for the period</li> <li>&lt; The Fund's allocation to GOJ VR bonds benefited from an uptick in GOJ T-Bill yields in March 2020, which helped to boost Fund performance</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Price declines in the Fund's GOJ USD global bond holdings detracted from performance as market volatility continued during the COVID-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Reduce exposure to variable rate instruments</li> <li>&lt; Pursue longer tenured money market instruments to lock in rates</li> <li>&lt; Pursue short-term GOJ fixed rate bonds and corporate bonds for better yield pick-up</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The initial impact of the pandemic on the Jamaican economy has been significant, with the economy contracting by 2.3% during Q1 2020</li> <li>&lt; Further decline in GDP growth is likely for the remainder of 2020, particularly if there is a second wave of the virus later on in the year</li> <li>&lt; Local liquidity levels are expected to remain adequate and low interest rates are expected to persist</li> <li>&lt; Given the low currency and foreign asset exposure in SPMMF, the Fund is not expected to be significantly affected by the volatility caused by the pandemic</li> </ul>

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<b>Scotia US Dollar Bond Fund (US\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund had a return of 3.65% during the quarter, outperforming the benchmark</li> <li>&lt; US interest rate strategies, including duration, yield curve positioning, and security selection, contributed to returns due to lower yields</li> <li>&lt; Security selection within corporate bonds, especially those from financial service companies, also contributed to returns due to narrower credit spreads</li> <li>&lt; Holdings of Mortgage Backed Securities (MBS) and other securitized assets also contributed to returns</li> </ul>	<ul style="list-style-type: none"> <li>&lt; An under allocation to municipal bonds and some exposure to several emerging market currencies detracted from returns</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Prefer US Bonds over bonds from other developed countries due to potential for gains and continued low rates</li> <li>&lt; Favor longer-term bonds but remain mindful that yields may be range bound in the near term due to purchases by the US Federal Reserve</li> <li>&lt; Continued under allocation to corporate bonds due to the potential for higher yields and a widening of credit spreads</li> <li>&lt; Prefer Agency MBS due to attractive valuations, high liquidity, more resiliency and government guarantees</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Focused on investing in high quality bonds due to the potential for higher yields and credit spreads associated with a normal credit cycle</li> <li>&lt; Over the longer-term, inflation may increase and potentially exceed the Fed's target rate</li> </ul>
<b>Scotia Caribbean Income Fund (US\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund's overweight allocation to agency bonds and money market securities contributed to the Fund's performance</li> <li>&lt; The Fund's selection of investment grade sovereign bonds and underweight allocation to longer-dated non-investment grade sovereign bonds also contributed</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund's selection of corporate bonds detracted from performance</li> <li>&lt; The Fund's selection of non-investment grade sovereign bonds and underweight allocation to US Treasury bills/bonds also detracted</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Rebalance portfolio to improve the average credit quality of the portfolio given concerns surrounding economic recovery from COVID-19 shutdowns</li> <li>&lt; Maintain sufficient cash and cash equivalent holdings in light of market uncertainties</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Global economies continue to be affected by COVID-19 shutdown policies. Notwithstanding, there have been efforts by some countries to reopen their economies on a phased basis. Many countries have also sought assistance from the IMF and have, to some extent, implemented stimulus packages</li> <li>&lt; Emerging market and high-yield bond prices recovered from lows in Q1 2020, due to risk-on sentiment fueled by government stimulus programs and the Fed's accommodative stance, as well as optimism for the development of a vaccine in the coming months</li> <li>&lt; The possibility of a second wave remains a concern with increases in COVID-19 cases in some parts of the US posing potential challenges for the Caribbean, in particular those countries which are tourism-dependent. The possibility of a second wave could also encourage risk-off sentiment</li> </ul>

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<b>Scotia Premium Fixed Income Fund (J\$)</b>			
<ul style="list-style-type: none"> <li>&lt; Allocation to local fixed rate corporate bonds and GOJ fixed rate bonds contributed positively to performance for the period</li> <li>&lt; The Fund's allocation to GOJ VR bonds benefited from an uptick in GOJ T-Bill yields in March 2020 which helped to boost Fund performance</li> <li>&lt; Overweight exposure to non-Caribbean sovereign bonds which had positive price movement, also contributed</li> <li>&lt; USD-denominated instruments benefited from the currency movement due to the YTD depreciation of the JMD against the USD</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Price declines in the Fund's GOJ USD global bond and USD corporate bond holdings detracted from performance as market volatility continued during the COVID-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Maximize on attractively priced local corporate bonds with available room for better yield pick-up</li> <li>&lt; Reduce exposure to USD sovereigns that are heavily reliant on tourism and remittance inflows and increase exposure to sovereigns with more diversified economies</li> <li>&lt; Reduce exposure to variable rate instruments</li> <li>&lt; Increase exposure to longer tenured repos and term deposits to lock in at higher rates</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Global bond markets saw an increase in "risk-on" sentiment during Q2 2020 and a rally in bond prices, fueled by the economic stimulus being provided by the US Fed as well as hopes of a vaccine being developed in the next twelve months</li> <li>&lt; However, as COVID-19 cases continue to grow globally at a record pace, bond markets may revert to a "risk-off" sentiment later on in the year, especially if there is a second wave of the virus during the flu season</li> <li>&lt; The Jamaican economy is gradually being re-opened, however, USD inflows from tourism have slowed considerably, hence the JMD is likely to depreciate further against the USD</li> </ul>
<b>Scotia Premium US\$ Indexed Fund (J\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund's overweight allocation to and selection of local corporate bonds was a positive contributor</li> <li>&lt; Currency effect due to JMD depreciation and selection of shorter dated Caribbean sovereign bonds also contributed</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund's selection of certain USD corporate bonds detracted from performance</li> <li>&lt; The Fund's overweight exposure to GOJ global bonds, in particular the JAMAN 2028, also detracted from performance</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Rebalance USD sovereign and corporate bond holdings to improve the average credit quality of the portfolio given concerns surrounding economic recovery from COVID-19 shutdowns</li> <li>&lt; Invest in JMD corporate paper with excess JMD in order to offset interim FX volatility</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Jamaican dollar depreciated by over 6% for the calendar year to date to June 30, 2020</li> <li>&lt; The Jamaican dollar is expected to depreciate against the US dollar at a high pace during 2020 as a result of significantly reduced USD inflows from tourism and remittances as a result of COVID-19</li> <li>&lt; It is expected that there will be bouts of volatility in the JMD/USD exchange rate</li> </ul>

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<b>Scotia Global Equity Fund (US\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund had a return of 13.55% during the quarter, underperforming the benchmark</li> <li>&lt; The momentum factor outperformed due to its exposure to the technology sector</li> <li>&lt; The quality factor also outperformed due its exposure to the technology and health care sector, and underexposure to the financials sector</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The size factor underperformed due to exposure to US small and mid-cap securities</li> <li>&lt; The low volatility factor significantly underperformed due to the strong returns of higher risk securities</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund is invested conservatively and has significant exposure to high quality securities that have low volatility and pay dividends</li> <li>&lt; The Fund has a regional allocation of approximately 55% US, 38% developed international, and 7% emerging markets</li> <li>&lt; The Fund has an under allocation to the momentum and growth factors due to high valuations</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Market gains have been driven by relatively few companies and sectors</li> <li>&lt; Market valuations have increased and reflect a full economic recovery in the near term</li> <li>&lt; Interest rates are expected to remain low to provide economic stability</li> <li>&lt; Above-average market volatility is expected to persist due to an increase in the number of COVID cases, uncertainty regarding the timing of an economic recovery, and higher market valuations</li> </ul>
<b>Scotia U.S. Equity Fund (US\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund had a return of 14.69% during the quarter, but underperformed the benchmark</li> <li>&lt; The momentum factor outperformed due to its exposure to the technology sector</li> <li>&lt; The quality factor also outperformed due its exposure to the technology and health care sector, and underexposure to the financials sector</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The size factor underperformed due to exposure to US small and mid-cap securities</li> <li>&lt; The low volatility factor significantly underperformed due to the strong returns of higher risk securities</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund is invested conservatively and has significant exposure to high quality securities that have low volatility and pay dividends</li> <li>&lt; The Fund has an under allocation to the momentum and growth factors due to high valuations</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Market gains have been driven by relatively few companies and sectors</li> <li>&lt; Market valuations have increased and reflect a full economic recovery in the near term</li> <li>&lt; Interest rates are expected to remain low to provide economic stability</li> <li>&lt; Above-average market volatility is expected to persist due to an increase in the number of COVID cases, uncertainty regarding the timing of an economic recovery, and higher market valuations</li> </ul>

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<b>Scotia Canadian Equity Fund (US\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund had a quarterly return of 12.4% and underperformed the benchmark</li> <li>&lt; Top individual contributors to returns were Amazon, Northland Power, and Franco Nevada Mining</li> <li>&lt; The Fund's US equity holdings had positive performance</li> <li>&lt; Currency forwards to hedge the Canadian dollar reduced currency risk and contributed to performance</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Security selection within the technology and materials sectors was the leading detractor from returns relative to the benchmark</li> <li>&lt; An under allocation to the materials sector also detracted from returns as it was one of the best performing sectors during the quarter</li> <li>&lt; The Fund's holdings that were the largest individual detractors from returns were Loblaw's and Nutrien</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund invested in some attractive businesses in Q2 when their valuations fell to more reasonable levels</li> <li>&lt; The Fund invests conservatively in high quality businesses with sound business models, strong management, solid fundamentals and a sufficient margin of safety</li> <li>&lt; The Fund hedges 50% of its CAD\$ investments to reduce currency risk due to the Fund's base currency being US\$</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Market valuations have increased and reflect a full economic recovery in the near term</li> <li>&lt; Interest rates are expected to remain low to provide economic stability</li> <li>&lt; Above-average market volatility is expected to persist due to an increase in the number of COVID cases, uncertainty regarding the timing of an economic recovery, and higher market valuations.</li> </ul>
<b>Scotia Premium Growth Fund (J\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund's selection of US equities, as well as the Fund's overweight allocation to US ETFs, contributed to performance</li> <li>&lt; The currency effect on USD securities from JMD depreciation also contributed</li> <li>&lt; Positive performing stocks in the portfolio during the quarter were USD equities: Amazon (57.90%), Gilead Science (27.65%) and Facebook Inc. (17.00%)</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund's selection of stocks in the financial, conglomerate, and manufacturing sector detracted from performance</li> <li>&lt; The primary detractor from returns during the quarter was the Fund's overweight exposure to the following stocks:</li> <li>&lt; Sagitor Group Jamaica Limited, JMMB Group Limited, and NCB Financial Group</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The most significant weightings were in the local market within the financial and conglomerate sectors</li> <li>&lt; The largest direct US equity holdings were in the technology and financial sectors, with holdings also in the health care and consumer discretionary sectors via ETFs</li> <li>&lt; The strategy is to rebalance the equity portfolio to reduce holdings in companies which are expected to experience significant adverse effects of the COVID-19 related economic downturn and may have a difficulty recovering, and increase holdings in companies which are able to withstand the shock</li> <li>&lt; Maintain sufficient cash and cash equivalent holdings in light of market uncertainties</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The JMD equity market declined initially due to low market liquidity. However, increased concerns surrounding the effects of COVID-19 resulted in risk-off sentiment in the market, which spurred further selling, as investors sought to take gains on stocks which rallied in 2019, and opt to hold cash or near-cash assets</li> <li>&lt; The USD equity market rallied from its March 2020 lows in light of the US government's fiscal stimulus packages, as well as the Fed's accommodative stance. However, the possibility of another wave of shutdowns due to a second wave of COVID-19 in some states, may encourage risk-off sentiment</li> <li>&lt; Continued volatility in both the JMD and USD equity markets is expected in the short to medium-term</li> </ul>

# Quarterly fund performance update

## Historical fund and portfolio performance

As of June 30, 2020, 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
<b>Scotia Money Market Fund (USD)</b>	<b>10/27/1999</b>	<b>0.00</b>	<b>0.07</b>	<b>0.34</b>	<b>0.34</b>	<b>1.11</b>	<b>1.24</b>	<b>0.80</b>	<b>0.41</b>	<b>1.49</b>
BofAML US US Treasury Bills 0-3 Mon Total Return USD		0.01	0.02	0.48	0.48	1.47	1.68	1.12	0.59	
<b>Scotia Premium Money Market (J\$)</b>	<b>07/06/2011</b>	<b>0.10</b>	<b>0.32</b>	<b>0.56</b>	<b>0.56</b>	<b>1.07</b>	<b>1.62</b>	<b>2.88</b>	<b>N/A</b>	<b>4.16</b>
3-month GOJ T-Bill*		0.15	0.39	0.71	0.71	1.61	2.65	na	N/A	
<b>Scotia US Dollar Bond Fund (USD)</b>	<b>12/21/1992</b>	<b>1.37</b>	<b>3.65</b>	<b>5.86</b>	<b>5.86</b>	<b>6.92</b>	<b>3.85</b>	<b>2.64</b>	<b>1.85</b>	<b>4.04</b>
BBG Barclays US Aggregate Bond USD		0.63	2.90	6.14	6.14	9.12	5.62	4.58	4.10	
<b>Scotia Caribbean Income Fund (USD)</b>	<b>03/31/2009</b>	<b>2.69</b>	<b>3.26</b>	<b>-4.51</b>	<b>-4.51</b>	<b>-1.92</b>	<b>1.14</b>	<b>1.81</b>	<b>2.73</b>	<b>4.37</b>
Scotia Caribbean Bond Index		2.93	5.51	-2.76	-2.76	1.70	4.16	4.60	N/A	
<b>Scotia Premium Fixed Income Fund (J\$)</b>	<b>02/11/1994</b>	<b>0.23</b>	<b>1.74</b>	<b>0.62</b>	<b>0.62</b>	<b>3.43</b>	<b>6.40</b>	<b>6.25</b>	<b>6.75</b>	<b>10.10</b>
SIJL Customized Medium Term JA\$ Bond Benchmark		0.37	1.51	2.49	2.49	4.99	10.79	N/A	N/A	
<b>Scotia Premium US Dollar Indexed Fund (J\$)</b>	<b>01/15/2016</b>	<b>-0.01</b>	<b>5.42</b>	<b>-0.68</b>	<b>-0.68</b>	<b>4.32</b>	<b>4.33</b>	<b>N/A</b>	<b>N/A</b>	<b>5.43</b>
SIJL Customized US\$ Indexed Bond Benchmark		0.30	8.78	4.83	4.83	11.12	7.97	N/A	N/A	
<b>Scotia Global Equity Fund (USD)</b>	<b>06/23/1994</b>	<b>1.22</b>	<b>13.55</b>	<b>-10.55</b>	<b>-10.55</b>	<b>-6.66</b>	<b>-0.23</b>	<b>2.37</b>	<b>5.68</b>	<b>4.16</b>
MSCI All Country World Net Return USD		3.20	19.22	-6.25	-6.25	2.11	6.14	6.46	9.16	
<b>Scotia US Equity Fund (USD)</b>	<b>10/27/1999</b>	<b>0.33</b>	<b>14.69</b>	<b>-8.86</b>	<b>-8.86</b>	<b>-1.41</b>	<b>3.27</b>	<b>6.18</b>	<b>9.91</b>	<b>2.46</b>
S&P 500 Total Return USD		1.99	20.54	-3.08	-3.08	7.51	10.73	10.73	13.99	
<b>Scotia Canadian Equity Fund (USD)</b>	<b>06/23/1994</b>	<b>1.19</b>	<b>12.40</b>	<b>-11.05</b>	<b>-11.05</b>	<b>-6.27</b>	<b>-2.19</b>	<b>-3.20</b>	<b>-0.01</b>	<b>4.86</b>
S&P/TSX Composite Total Return USD		3.98	22.24	-11.90	-11.90	-6.14	2.27	2.65	3.74	
<b>Scotia Premium Growth Fund (J\$)</b>	<b>06/23/1987</b>	<b>-1.53</b>	<b>0.68</b>	<b>-23.59</b>	<b>-23.59</b>	<b>-16.63</b>	<b>8.81</b>	<b>22.01</b>	<b>14.15</b>	<b>14.68</b>
SIJL Customized Jamaican Equity Benchmark**		0.49	2.71	-20.12	-20.12	-14.84	16.21	34.66	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

# Quarterly fund performance update

## Legal disclaimer

Important information concerning the investment goals, risks, charges and expenses of investing in the mutual funds and unit trusts contained in the Portfolio are contained in the relevant prospectus or offering circular. Investors should carefully consider these before investing. Copies are available from the financial institution where you are buying the portfolio and should be read carefully before investing. Commissions, management fees and expenses all may be associated with investing in mutual funds and unit trusts. Mutual funds and unit trusts are not guaranteed or covered by your local deposit insurance corporation, other government deposit insurer, the Bank of Nova Scotia, or its subsidiaries/affiliates. Their values change frequently, including the amount of income that you may receive (where applicable), and you may not get back the original amount you invested. Information on performance provided herein is subject to variation and is likely to change over time. Past performance may not be repeated and should not be treated as an indicator of future performance. The indicated rates of return are the historical returns including changes in share value and reinvestment of all distributions and do not take into account sales charges or fees, redemptions, distributions or optional charges or income taxes payable by any security holder that would have reduced returns. The foregoing is for informational purposes only and is subject to change without notice. Always consult your professional tax and legal advisors with respect to your particular circumstances. Nothing herein is intended to constitute an offer or solicitation to transact business for products or services in any jurisdiction where such an offer or solicitation would be unlawful. This does not constitute an invitation to purchase or sell shares of the mutual funds or unit trusts. Scotia Funds (formerly Scotiabank Mutual Funds) and Scotia Global Asset Management, are brand names under which the Scotiabank Group of Companies, including Scotiabank & Trust (Cayman) Ltd. and Scotia Investments Jamaica Limited, markets and distributes mutual funds and unit trusts. 1832 Asset Management L.P. is a limited partnership, the general partner of which is wholly owned by Scotiabank and is the Investment Fund Manager for Scotia Funds and Dynamic Funds. Net asset value information of the Scotia Funds can be found on Bloomberg, in the Equities section, and on the Cayman Islands Stock Exchange (CSX), website [www.csx.ky](http://www.csx.ky) under "Scotiabank". Net asset value information of the unit trusts can be found on [scotiainvestmentsjm.com](http://scotiainvestmentsjm.com). <sup>TM</sup> Trademark of the Bank of Nova Scotia, used under license.