

Scotia US Equity Fund

Quarterly fund highlights

As of December 31, 2024

Market Review

U.S. stocks rose by 2.4% in the 4th quarter of 2024. The fourth quarter saw the return of mega-cap tech and AI-focused stock dominance. Top-performing sectors during the quarter included consumer discretionary, communication services, and financials. In the fourth quarter, the Federal Reserve cut interest rates twice for a total of 0.50%, with the first cut in November and the second in December. During the December announcement, the Fed projected a slower pace of rate cuts as we enter 2025, citing the ongoing battle with inflation that has dominated headlines throughout the year. Inflation came in close to expectations in November and has been trending lower toward targets. Inflation has proven to be stickier than expected, supported by continued strong employment and healthy corporate profits.

Fund Performance* and Positioning

During the fourth quarter, the fund had a net of fee return of -6.22% for the 3 months ending December 31, 2024, underperforming its benchmark S&P500 Index.

The top contributing sector over the quarter was financials. The securities that contributed the most to the quarterly fund return were Booking holdings, Interactive brokers, Visa, Alphabet and WR Berkeley. The Industrial and Information technology sectors detracted the most from returns. Notable individual securities that underperformed included Elevance Health, UnitedHealth, AO Smith, Southern Copper.

The Fund is actively managed with a core style and a focus on investing in companies with a history of regular dividend payments. It invests in high quality, well managed businesses with sustainable competitive advantages, strong balance sheets and consistent excess cash flow. The portfolio manager has a disciplined investment process that is based on fundamental analysis and a longer-term perspective to provide upside participation and downside protection compared to the Fund's benchmark.

Scotia Global Asset Management Core Global Equity Team

Portfolio Managers since February 16,
2024

1832 Asset Management L.P.



Dana Love,
MSc., CFA

Vice President &
Senior Portfolio
Manager
SGAM: 10 years
Industry: 26 years



Kevin Kaminski, MBA,
CFA

Portfolio Manager
SGAM: 9 years
Industry: 19 years

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Outlook

As we head into 2025, uncertainty continues given President-elect Donald Trump's proposed policies, such as tax cuts and tariffs, may be inflationary, tempering expectations for further rate cuts. The U.S. outlook remains cautiously optimistic; despite pockets of rich valuations, the potential for higher growth and lower rates should favor cyclical sectors over defensive ones. Additionally, the President-elect's policies may result in increased growth, reduced regulation, and the introduction of more business-friendly policies.

*As of December 31, 2024, performance returns for the Scotia US Equity Fund are as follows: 1 month: -6.56%, 3 Mos: -6.22%, 6 Mos: -2.05%, YTD: 7.07%, 1 Yr: 7.07%, 3 Yrs: 1.46%, 5 Yrs: 5.83%, 10 Yrs: 7.16%, and since inception (10/27/1999): 3.56%. Performance returns for the S&P 500 Total Return USD benchmark are as follows: 1 month -2.38%, 3 Mos: 2.41%, 6 Mos: 8.44%, YTD: 25.02%, 1 Yr: 25.02%, 3 Yrs: 8.94%, 5 Yrs: 14.53%, 10 Yrs: 13.10%.

Legal disclaimer

Important information concerning the investment goals, risks, charges and expenses of investing in the mutual funds contained in the Portfolio are contained in the relevant prospectus. 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. Mutual funds 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 annual compound total 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 funds. Scotia Funds (formerly Scotiabank Mutual Funds) is the brand name under which the Scotiabank Group of Companies, including Scotiabank & Trust (Cayman) Ltd. and Scotia Investments Jamaica Limited, markets and distributes mutual funds. Scotia Global Asset Management is a business name used by the following legal entities of Scotiabank: Scotia Fondos S.A. de CV Sociedad Operadora de Sociedades de Inversión, Scotia Administradora General de Fondos Chile S.A., Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A, Fiduciaria Colpatría S.A., Scotiabank & Trust (Cayman) Ltd., Scotia Investments Jamaica Ltd, Scotia Investments Trinidad and Tobago Limited ("SITTL"), Scotia Sociedad de Fondos de Inversión, S.A, and 1832 Asset Management L.P., a limited partnership, the general partner of which is wholly owned by Scotiabank. Scotia Global Asset Management offers a range of wealth management solutions, including mutual funds, and investment solutions for private clients, institutional clients and managed asset programs. 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 under "Scotiabank". Scotia Funds are regulated by the Cayman Islands Monetary Authority. TM Trademark of the Bank of Nova Scotia, used under license.