

# Scotia Balanced Growth Portfolio

## Quarterly Portfolio highlights

As of March 31, 2022

## Market Review

Global equity and fixed income markets experienced significant volatility in the first quarter of 2022. This was due to a sharp increase in yields in response to concerns over inflation, the large number of expected rate hikes by the U.S. Federal Reserve, the Russian invasion of Ukraine and subsequent trade sanctions. Inflation remained near a multi-decade high due to continued supply chain disruptions, high food and energy prices, and a strong labor market. Central banks in the U.S., U.K. and Canada increased interest rates and announced the discontinuation of quantitative easing bond purchase programs. The yield on the 10-year U.S. Treasury bond increased from 1.52% to 2.32%, to end the quarter near its highest level in 3 years.

## Fund Performance\* and Positioning

The Scotia Balanced Growth Portfolio Class A had a return of -5.74% for the 3 months ending March 31, 2022. The portfolio's return was driven by its asset allocation and the return of each underlying Fund.

At March 31, 2022

Fund	Neutral Asset Allocation %	3 Mo Return (CI A) %
Scotia US Dollar Bond Fund	40	-6.87
Scotia Global Equity Fund	45	-5.58
Scotia US Equity Fund	12	-5.15
Scotia Canadian Equity Fund	3	3.14

The fixed income allocation in the portfolio experienced a negative return and underperformed equity during the quarter. This was due to a significant increase in yields and widening of credit spreads. U.S. rate strategies, including duration, yield curve positioning and instrument selection detracted from returns due to the increase in yields. Exposure to select investment grade corporate bonds and mortgage-backed securities also detracted from returns due to the widening of credit spreads.

## Investment team



**Judith Chan**  
Portfolio Manager  
1832 Asset Management L.P.

Judith Chan serves as Portfolio Manager for Fund and ETF Portfolio Solutions programs that are offered by 1832 Asset Management. In working with the Oversight Committee, she is responsible for portfolio construction, asset allocation policy, and manager selection. Her team is also involved in the due diligence and day-to-day management of all portfolio solutions. With more than 15 years in the investment industry, she has held progressive roles in investment manager research and oversight, and portfolio construction. Judith has a Bachelor of Economics from Simon Fraser University in Vancouver, British Columbia and is a CFA Charterholder.

# Scotia Balanced Growth Portfolio

The Global and U.S. equity allocations of the portfolio had negative returns during the quarter due to high inflation, the potential for significantly higher interest rates and lower growth. The portfolio benefitted from its slight value bias and its exposure to investments with lower volatility and higher dividends. The portfolio's allocation to emerging markets significantly detracted from returns. The portfolio's allocation to the momentum and quality factors also detracted from returns due to underperformance of the technology sector. The Canadian equity allocation in the portfolio had strong returns due its exposure and high prices for commodities such as oil, natural gas, gold, copper, and potash..

## Outlook

Global growth is expected to slow, but remain positive, due to lower consumer spending and corporate earnings. High inflation will likely persist for longer than previously expected. Central banks in the U.S., Canada and other countries are forecasted to significantly increase interest rates and discontinue quantitative easing bond purchase programs during the remainder of 2022.

Volatility may remain elevated due to slower growth, higher inflation, interest rate uncertainty, supply chain disruptions, a potential resurgence of COVID, Russia's invasion of Ukraine and subsequent sanctions.

\*As of March 31, 2022, performance returns for the Scotia Conservative Balanced Portfolio are as follows: 1 month: -4.44%, 3 Mos: -7.73%, 6 Mos: -9.71%, YTD: -10.09%, 1 Yr: -8.00%, 3 Yrs: 0.97%, 5 Yrs: 1.94%, 10 Yrs: 2.38%, and since inception (01/22/2008): 2.36%.

## 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](http://www.csx.ky) under "Scotiabank". Scotia Funds are regulated by the Cayman Islands Monetary Authority. <sup>TM</sup> Trademark of the Bank of Nova Scotia, used under license.