

# Quarterly fund performance update

As of June 30, 2022

## 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 gross yield for the Fund increased from 0.43% to 1.34% during the quarter</li> <li>&lt; This was due to two interest rate increases by the U.S. Federal Reserve that totaled 1.25%</li> <li>&lt; Fund performance was enhanced by Secured Overnight Financing Rate notes (SOFR) due to the increase in rates</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Longer-term money market securities detracted from returns due to the speed and size of the increase in interest rates</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Added floating rate notes to benefit from higher rates</li> <li>&lt; Increased holdings of longer-term Banker's Acceptance and Supranational securities, and decreased Canadian Provincial US\$ T-Bills to generate a higher yield</li> <li>&lt; A lower average term to maturity than the benchmark to enhance liquidity</li> <li>&lt; A higher average credit rating than the benchmark to reduce risk</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Strong employment and persistent inflationary pressures have prompted the U.S. Federal Reserve to increase interest rates and indicate that additional rate hikes will be implemented</li> <li>&lt; Inflation may be near its peak as supply chain pressures have eased and economic growth expectations have fallen</li> <li>&lt; Tighter financial conditions and the effects of the conflict in Russia / Ukraine are potential risks to economic growth</li> </ul>
<b>Scotia Premium Money Market Fund (J\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund's overweight allocation to local corporate bonds and to variable rate bonds contributed to performance during the quarter</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund's overweight allocation to a GOJ fixed rate bond detracted from performance</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Currently invested 42% in variable rate instruments and 48% in money market securities, hence the Fund is well-positioned to benefit from the uptick in interest rates</li> <li>&lt; Rebalancing the portfolio to maximize corporate bond exposure with a focus on acquiring more attractively priced variable rate corporate bonds, short-term GOJ fixed rate bonds, and BOJ CDs</li> </ul>	<ul style="list-style-type: none"> <li>&lt; BOJ has continued to tighten its monetary policy by increasing its benchmark Policy Rate to 5.50% in response to rising inflation.</li> <li>&lt; Over the near-term, external inflationary pressures are likely to remain elevated as supply chain disruptions, higher oil prices and higher commodity prices persist. It is therefore likely that the BOJ will continue to raise its Policy Rate, setting the foundation for market interest rates to remain elevated.</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 -6.95% during the quarter</li> <li>&lt; The Fund's U.S. rate strategies, including duration, yield curve positioning and bond selection contributed to returns</li> <li>&lt; The Fund benefitted from low exposure to U.K. and Japanese bonds as they underperformed</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Exposure to select investment grade corporate credit issuers due to wider credit spreads</li> <li>&lt; Positions in non-agency mortgage-backed securities also underperformed due to wider credit spreads</li> <li>&lt; A modest allocation to high yield credit also detracted from returns</li> </ul>	<ul style="list-style-type: none"> <li>&lt; An overall lower allocation to duration strategies with a bias to U.S. government bonds and hedges in select regions, particularly the U.K. and Japan</li> <li>&lt; A neutral allocation to investment grade corporate bonds with a bias to high quality issuers</li> <li>&lt; Prefer senior mortgage credit securities due to their high quality and de-leveraging features</li> <li>&lt; Neutral allocation to agency mortgage-backed securities due to improved valuations</li> <li>&lt; Neutral allocation to Treasury Inflation-Protected Securities (TIPS) given their breakeven level and potential near-term volatility</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Lower disposable income from persistently high inflation, significantly higher interest rates and tighter financial conditions have weakened demand and increased the risk of a recession</li> <li>&lt; Volatility may remain elevated due to Russia's invasion of Ukraine, trade sanctions and the supply of energy to Europe; increased geopolitical and trade tensions between the U.S. and China; resurgence of COVID in China and other countries and the impact of lockdowns on manufacturing and supply chain</li> </ul>
<b>Scotia Caribbean Income Fund (US\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund's selection of sovereign bonds contributed to the Fund's performance versus the benchmark</li> <li>&lt; The Fund's overweight allocation to cash and cash equivalents contributed to the Fund's performance versus the benchmark</li> <li>&lt; The Fund's overweight allocation to government agency bonds contributed to the Fund's performance versus the benchmark</li> <li>&lt; The Fund's underweight allocation to and selection of sovereign bonds contributed to the Fund's performance versus the benchmark</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund's overweight allocation to and selection of corporate bonds in the financial sector detracted from the Fund's performance versus the benchmark</li> <li>&lt; The Fund's selection of corporate bonds in the industrial sector detracted from the Fund's performance versus the benchmark</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund increased money market holdings and reduced exposure to sovereign bonds which were in the money and expected to detract from the Fund's performance in light of rate increases.</li> <li>&lt; The strategy is to continue to increase money market exposure and position in short to mid duration assets.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fed increased its benchmark interest rate by 0.75% in May 2022. Rates are expected to rise throughout 2022 and into 2023 as inflation continues to threaten economic growth.</li> <li>&lt; The increase in interest rates have continued to put downward pressure on bond prices, which is expected to continue into 2023.</li> <li>&lt; In light of the expected increase in interest rates, we aim to maintain the Fund's duration below the benchmark's duration and target short to mid-duration assets.</li> </ul>

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Contributors (factors that helped performance)	Detractors (factors that hindered performance)	Positioning at quarter end	Outlook: short-term and long-term
<b>Scotia Premium Fixed Income Fund (J\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund's overweight allocation to cash &amp; equivalents and to variable rate corporate bonds contributed to performance during the quarter</li> <li>&lt; Other contributors included the underweight allocation and selection of GOJ fixed rate bonds.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Detractors included the overweight allocation to Caribbean and non-Caribbean sovereign global bonds, fixed rate Corporate bonds and the underweight allocation to GOJ variable rate bonds</li> <li>&lt; Negative currency effect due to JMD appreciation</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Reducing overvalued GOJ global bonds in favor of undervalued Investment Grade (IG) sovereign and USD IG corporate bonds</li> <li>&lt; Increasing exposure to USD Repos to take advantage of attractive interest rates</li> <li>&lt; Reducing exposure to GOJ FR's to reduce the negative impact of increasing interest rates</li> <li>&lt; Maximizing exposure GOJ CPI-Indexed Bonds</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The US Fed is expected to continue to move aggressively this year to tighten its monetary policy. Indications are that the Fed will start to increase its benchmark interest rate by up to 75bps in July 2022 and tapering its bond buy-back program</li> <li>&lt; Over the near-term, the JMD will likely continue to face moderate depreciation pressures, given the seasonal demand for USD from end-users and the apparent demand-supply imbalances in the market</li> </ul>
<b>Scotia Premium Growth Fund (J\$)</b>			
<ul style="list-style-type: none"> <li>&lt; Overweight allocation to cash &amp; equivalents</li> <li>&lt; Underweight allocation to equities in the Financial and Consumer Discretionary sectors</li> <li>&lt; Selection of stocks in the Financial sector</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Overweight allocation to US equities and</li> <li>&lt; Negative currency effect from JMD appreciation</li> <li>&lt; Selection of equities in the Manufacturing sector</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Increase exposure to USD securities based on expectation of JMD depreciation in the medium to long term.</li> <li>&lt; Rebalance local equity to increase exposure to defensive stocks/stocks that are expected to outperform the market, and reduce exposure to cyclical stocks</li> <li>&lt; Increase exposure to US equities which have become undervalued and are in sectors that are expected to outperform the market.</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Bearish outlook for local main stock market given rising interest rates and its impact on business and higher cost of inputs from global supply chain disruptions. Outperformance of junior market compared to main stock market</li> <li>&lt; Continued positive outlook for US stock market in the medium to long term, with interim volatility due to expected increase in interest rates, heightened inflation and other geopolitical concerns.</li> </ul>
<b>Scotia Premium US\$ Indexed Fund (J\$)</b>			
<ul style="list-style-type: none"> <li>&lt; Underweight allocation to USD global sovereign bonds</li> <li>&lt; Overweight allocation to corporate bonds</li> <li>&lt; Positive currency effect on JMD denominated cash &amp; cash equivalents</li> <li>&lt; Underweight allocation and selection of BOJ USD-indexed certificate of deposit</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Selection of USD global sovereign bonds</li> <li>&lt; Selection of USD-indexed corporate bonds</li> <li>&lt; Negative currency effect from JMD appreciation</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Converting JMD to USD cash to increase Fund's USD allocation.</li> <li>&lt; Increasing exposure to USD and USD-indexed securities (government and corporate bonds).</li> <li>&lt; Capitalize on money market instruments in light of rising interest rates</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Positive economic growth expected for 2022 albeit below pre-pandemic levels</li> <li>&lt; Continued increase in local and USD interest rate to combat higher inflation</li> <li>&lt; Increase in local and USD bond yields and shift in the yield curve</li> <li>&lt; Moderate JMD depreciation along with interventions by the Central Bank are expected to help offset demand supply imbalances</li> <li>&lt; The Fed increased its benchmark interest rate by 0.75% in May 2022. Rates are expected to rise throughout 2022 and into 2023 as inflation continues to threaten economic growth</li> </ul>

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Contributors (factors that helped performance)	Detractors (factors that hindered performance)	Positioning at quarter end	Outlook: short-term and long-term
<b>Scotia Global Equity Fund (US\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund had a return of -13.1% during the quarter</li> <li>&lt; The Fund's allocation to the low volatility and dividend factors in both the U.S. and international markets outperformed due to heightened volatility</li> <li>&lt; The Fund's leading contributors were companies in the Utilities, Energy and Real Estate sectors</li> <li>&lt; The Fund's non-U.S. holdings slightly outperformed its U.S. holdings</li> <li>&lt; The Fund's allocation to Emerging Markets contributed to returns during the quarter</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund's allocation to the momentum and quality factors detracted from returns, due primarily to the weak performance from the technology sector</li> <li>&lt; The Fund's leading detractors were companies in the Technology, Financials and Industrials sectors</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund is conservatively invested in high quality, dividend paying businesses</li> <li>&lt; The Fund had a higher allocation to Consumer Staples, Financials, Industrials and Utilities and a lower allocation to Communication, Consumer Discretionary and Technology sectors than the benchmark</li> <li>&lt; The Fund has a regional allocation of approximately 58.5% US, 28.7% developed international, and 12.8% emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Economic growth may slow due to persistently high inflation, weaker consumer demand and potentially lower corporate earnings growth</li> <li>&lt; Many central banks are expected to continue to increase interest rates to reduce inflation with the risk that they overtighten and trigger a recession</li> <li>&lt; The decline in equity markets has improved valuations and the risk and reward of investment opportunities</li> </ul>
<b>Scotia US Equity Fund (US\$)</b>			
<ul style="list-style-type: none"> <li>&lt; The Fund had a return of -13.2% during the quarter</li> <li>&lt; The Fund's allocation to the low volatility and dividend factors outperformed due to heightened volatility during the quarter</li> <li>&lt; The Fund's leading contributors were companies in the Utilities, Healthcare, Real Estate and Energy sectors</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund's allocation to the momentum and quality factors detracted from returns, due primarily to the weak performance from the technology sector</li> <li>&lt; The Fund's leading detractors were companies in the Technology, Financial Services, Industrials and Consumer Cyclical sectors</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund is conservatively invested in high quality, dividend paying business</li> <li>&lt; The Fund has a higher allocation to Consumer Staples, Financials and Industrials and a lower allocation to Communication, Consumer Discretionary and Technology</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Economic growth may slow due to persistently high inflation, weaker consumer demand and potentially lower corporate earnings growth</li> <li>&lt; Many central banks are expected to continue to increase interest rates to reduce inflation with the risk that they overtighten and trigger a recession</li> <li>&lt; The decline in equity markets has improved valuations and the risk and reward of investment opportunities</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 return of -12.2% during the quarter</li> <li>&lt; The Fund's largest contributors to quarterly returns were Suncor Energy, CCL Packaging Industries and Loblaw's Supermarkets</li> <li>&lt; The sectors that contributed the most to quarterly fund returns were the information technology and materials sectors</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund's largest detractors from quarterly returns were TD Bank, Amazon.com and Brookfield Asset Management</li> <li>&lt; The sector that detracted the most from quarterly fund returns was energy, due to a low allocation</li> </ul>	<ul style="list-style-type: none"> <li>&lt; The Fund remains defensively positioned with a higher relative allocation to Technology, Healthcare and Consumer Staples and a lower relative allocation to Energy and Financials</li> <li>&lt; The Fund is conservatively invested in high quality businesses with sound business models, strong management, solid fundamentals and a sufficient margin of safety</li> <li>&lt; Approximately 16% of the Fund's assets were invested in the U.S. in industries where there are more investment opportunities than in Canada</li> <li>&lt; The Fund has a US\$ base currency and hedges 50% of its CAD\$ investments to reduce currency risk</li> </ul>	<ul style="list-style-type: none"> <li>&lt; Inflation has neared a multi decade high due primarily to COVID related lockdowns, supply chain disruptions and labor shortages</li> <li>&lt; The Canadian and many other central banks are expected to continue to increase interest rates to a sufficient level to reduce inflation with the risk that they overtighten and trigger a recession</li> <li>&lt; The significant correction in U.S. equities has resulted in the valuations of U.S. and Canadian equities being more balanced</li> </ul>

# Quarterly fund performance update

## Historical fund and portfolio performance

As of June 30, 2022, 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 Series A</b>	<b>10/27/1999</b>	<b>0.03</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.05</b>	<b>0.39</b>	<b>0.76</b>	<b>0.41</b>	<b>1.36</b>
Benchmark 1: ICE BofAML 0-3 M US Trsy Bill TR USD		0.05	0.13	0.16	0.16	0.18	0.57	1.06	0.60	
<b>Scotia Premium Money Market Fund Series A</b>	<b>07/06/2011</b>	<b>0.39</b>	<b>1.05</b>	<b>1.73</b>	<b>1.73</b>	<b>2.46</b>	<b>1.48</b>	<b>1.64</b>	<b>N/A</b>	<b>3.69</b>
3-Month GOJ T-Bill		0.49	1.30	2.11	2.11	2.98	1.91	3.32	N/A	
<b>Scotia US Dollar Bond Fund Series A</b>	<b>12/21/1992</b>	<b>-3.47</b>	<b>-6.95</b>	<b>-13.34</b>	<b>-13.34</b>	<b>-13.79</b>	<b>-2.57</b>	<b>-0.63</b>	<b>-0.39</b>	<b>3.25</b>
Benchmark 1: ICE BofAML US Corp&Govt TR USD		-1.57	-4.69	-10.35	-10.35	-10.29	-0.82	1.05	1.69	
<b>Scotia Caribbean Income Fund Series A</b>	<b>03/31/2009</b>	<b>-2.80</b>	<b>-4.64</b>	<b>-8.98</b>	<b>-8.98</b>	<b>-10.57</b>	<b>-2.44</b>	<b>-0.42</b>	<b>1.19</b>	<b>3.27</b>
Scotia Caribbean Bond Index		-2.75	-5.03	-8.46	-8.46	-8.87	0.42	2.39	N/A	
<b>Scotia Premium Fixed Income Fund Series A</b>	<b>02/11/1994</b>	<b>-1.32</b>	<b>-1.31</b>	<b>-1.80</b>	<b>-1.80</b>	<b>-1.28</b>	<b>2.23</b>	<b>4.47</b>	<b>5.16</b>	<b>9.20</b>
SIJL Customized Medium Term JA\$ Bond Benchmark		0.63	-2.38	-2.49	-2.49	-2.53	1.91	N/A	N/A	
<b>Scotia Premium US Dollar Indexed Fund</b>	<b>01/15/2016</b>	<b>-3.62</b>	<b>-4.62</b>	<b>-6.84</b>	<b>-6.84</b>	<b>-3.01</b>	<b>4.49</b>	<b>4.43</b>	<b>N/A</b>	<b>5.17</b>
SIJL Customized US\$ Indexed Bond Benchmark		-4.82	-7.04	-9.16	-9.16	-3.39	6.39	N/A	N/A	
<b>Scotia Global Equity Fund Series A</b>	<b>06/23/1994</b>	<b>-7.63</b>	<b>-13.06</b>	<b>-17.91</b>	<b>-17.91</b>	<b>-14.70</b>	<b>0.49</b>	<b>1.55</b>	<b>6.22</b>	<b>4.16</b>
Benchmark 1: MSCI ACWI NR USD		-8.43	-15.66	-20.18	-20.18	-15.75	6.21	7.00	8.76	
<b>Scotia US Equity Fund Series A</b>	<b>10/27/1999</b>	<b>-7.63</b>	<b>-13.21</b>	<b>-17.68</b>	<b>-17.68</b>	<b>-11.40</b>	<b>4.22</b>	<b>4.81</b>	<b>8.95</b>	<b>2.87</b>
Benchmark 1: S&P 500 TR USD		-8.25	-16.10	-19.96	-19.96	-10.62	10.60	11.31	12.96	
<b>Scotia Canadian Equity Fund Series A (U\$)</b>	<b>06/23/1994</b>	<b>-6.64</b>	<b>-12.22</b>	<b>-9.47</b>	<b>-9.47</b>	<b>-4.24</b>	<b>6.62</b>	<b>3.89</b>	<b>2.06</b>	<b>5.47</b>
Benchmark 1: S&P/TSX Composite TR USD		-10.48	-15.94	-11.74	-11.74	-7.72	8.44	7.76	5.66	
<b>Scotia Premium Growth Fund Series A</b>	<b>06/23/1987</b>	<b>-2.83</b>	<b>-1.43</b>	<b>-0.51</b>	<b>-0.51</b>	<b>-1.69</b>	<b>-1.57</b>	<b>8.06</b>	<b>13.91</b>	<b>13.86</b>
SIJL Customized Jamaican Equity Benchmark		-1.55	0.58	3.10	3.10	1.06	0.15	13.05	N/A	
<b>Scotia Premium Short-Term Income Fund (JMD)</b>	<b>11/16/2021</b>	<b>0.45</b>	<b>1.22</b>	<b>1.87</b>	<b>1.87</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.06</b>
SIJL Customized JMD Short-Term Benchmark		0.42	1.62	1.98	1.98	N/A	0.00	0.00	N/A	
<b>Scotia Premium Short-Term Income Fund (USD)</b>	<b>11/16/2021</b>	<b>0.19</b>	<b>0.57</b>	<b>1.10</b>	<b>1.10</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1.08</b>
SIJL Customized USD Short-Term Benchmark		0.02	-0.06	0.15	0.15	N/A	0.00	0.00	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

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## 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.