

# Scotia Premium Growth Fund

## Quarterly fund highlights

As of December 31, 2024

## Market Review

Local economic indicators displayed mixed signals for the quarter ended December 2024. The Jamaican economy was characterized by a contraction in economic growth, steady inflation, and an uptick in stock market activity. According to STATIN, local economic activity contracted by 3.5% for the third quarter of 2024, relative to the comparable period of 2023. The contraction was primarily driven by the passage of Hurricane Beryl in July 2024, which adversely impacted the agricultural sector, and damaged infrastructure disrupting electricity and water supply. For the September 2024 quarter, notable declines were seen in the sectors of Agriculture, Forestry, & Fishing (down 12.5%), Mining & Quarrying (down 17.4%), Hotels & Restaurants (down 6.2%), and Other Services (down 6.5%).

As at December 2024, STATIN noted that the point-to-point inflation outturn was 5.0%, owing to the rise in 'Food and Non-Alcoholic Beverages' (up 8.1%), 'Housing, Water, Electricity, Gas and Other Fuels' (up 3.2%) and 'Restaurants and Accommodation Services' (up 4.0%). Notably, headline inflation averaged 4.8% during the December quarter, anchoring within the Bank of Jamaica's (BOJ) targeted range of 4% to 6%. The positive development led to BOJ reducing its policy rate by 50 basis points (bps) to 6.0% during the December 2024 quarter. The Bank's decision to lower the policy rate was also influenced by the decline in international commodity prices and the stable exchange rate. At the close of trading on December 31, 2024, the Jamaica Dollar (\$J)/United States Dollar (US\$) pair was \$156.42 to \$1.00. This reflects a year-to-date depreciation of 0.95%. Throughout CY2024, the Bank reaffirmed its commitment to supporting the foreign exchange market, supplying inflows of US\$1.1Bn.

Local stock market activity recorded a boost during the December 2024 quarter. The JSE Combined Index rose by 5.49% to close at 335,794.94 points, while the Junior Market Index declined by 2.46% to close at 3,735.05 points. Overall market activity resulted from trading in 130 stocks of which 57 advanced, 67 declined and 4 traded firm. There was an uptick in market volume during the December 2024 quarter. Notably, market volume amounted to 2,583,441,470 units valued at J\$30,499,921,618.86 relative to a market volume of 1,782,732,185 units valued at J\$10,664,052,000.50 for the comparable period of 2023.

Source: Statistical Institute of Jamaica; The Bank of Jamaica; Jamaica Stock Exchange; Planning Institute of Jamaica

## Investment team



**Arlon Morrison**  
Portfolio Manager  
Scotia Investments

Arlon Morrison is an accomplished investment professional dedicated to enhancing financial literacy in Jamaica and empowering investors to achieve their financial goals. Arlon's career in the industry has spanned over a decade. He previously held the position of Group Investment Research Analyst and Sovereign Risk Analyst at JMMB Group Limited. In this role, he conducted extensive research, analysis, and reporting on local, regional, and international markets. By identifying investment opportunities, threats, and weaknesses, Arlon provided value-added recommendations to support all units under the JMMB Group. Arlon's commitment to excellence extends to his educational achievements, as he holds a First Class Honours BSc. in Economics from the University of the West Indies, Mona, and is also a CFA Charterholder.

# Scotia Premium Growth Fund

## Fund Performance\* and Positioning

The Fund had a 3-month net return of 5.40% at the end of Q4 2024, underperforming the benchmark's return of 6.76%.

Positive contributors to performance included the fund's selection of Jamaican equities. The fund's overweight allocation to United States (US) Equities, Fixed Rate Corporates, Government of Jamaica (GOJ) Bonds and Cash & Equivalents all detracted from performance. An underweight allocation to Jamaican Equities and selection of United States Equities also detracted from the fund's relative performance.

The Fund is positioned to increase exposure to US Stocks given higher expected return relative to local equities. The Manager also intends to rebalance Jamaican equities to companies that are expected to benefit from increased economic activity due to lower interest rates and maximize tenor of money market securities to lock in current yields given interest rate expectation.

## Outlook

The portfolio manager maintains a slightly improved outlook for the local main stock market given decline in local interest rates. US equities are expected to benefit from a decline in United States Federal Reserve policy rates subject to volatility stemming from economic headwinds such as the new administrations fiscal policies and geopolitical tensions.

\*As of December 31, 2024, performance returns for the Scotia Premium Growth Fund are as follows: 1 month: 2.86%, 3 Mos: 5.40%, 6 Mos: 6.56%, YTD: 9.64%, 1 Yr: 9.64%, 3 Yrs: 0.70%, 5 Yrs: -2.15%, 10 Yrs: 14.02%, and since inception (06/23/1987): 12.32%. Performance returns for the SIJL Customized Jamaican Equity Benchmark are as follows: 1 month 4.51%, 3 Mos: 6.76%, 6 Mos: 9.23%, YTD: 11.54%, 1 Yr: 11.54%, 3 Yrs: 1.30%, 5 Yrs: -1.02%, 10 Yrs: 21.85%.

## 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.