

Scotia Premium Growth Fund

Quarterly fund highlights

As of June 30, 2024

Market Review

Local economic variables continued to trend favourably during the June 2024 quarter. The point-to-point inflation rate as at June 2024 was 5.4%, which was marginally higher than the 5.2% for the May 2024 period. The increase in consumer prices month-over-month was due to an upward movement in 'Food and Non-Alcoholic Beverages' linked to higher prices for agricultural produce. Notwithstanding this, the June 2024 inflation outturn represents the fourth consecutive month of inflation falling below the Bank of Jamaica's (BOJ) targeted upper limit of 6.0%.

The Bank forecasts that inflation will remain within the targeted range over the next two years, except for a few months in 2025. Within the context of improved inflation outlook, the BOJ has signalled its intention to begin gradually easing its monetary policy. The BOJ held its policy rate at 7.00% during the June 2024 quarter. Of note, the Bank indicated that its first step in easing its monetary policy includes the reduction of liquidity absorption in its open market operations.

During the June 2024 quarter, the BOJ intervened in the foreign exchange market supplying a total of US\$266.1M to end users, relative to US\$208.1M in the prior March 2024 quarter. Given the central bank's efforts to tighten Jamaican dollar liquidity, the foreign exchange market has been relatively stable. At the close of trading on June 28, 2024, the Jamaica Dollar (\$J)/United States Dollar (US\$) pair was \$156.30 to \$1.00. This reflects a year-to-date depreciation of 0.87%.

There was a downturn in trading activity on the local equities market. The JSE Combined Index declined by 2.6% during the June 2024 quarter to close at 332,526.55 points. Notably, the JSE Main Market and the Junior Market contracted by 2.7% and 0.8% respectively during the period. Over the June 2024 quarter, market volume traded amounted to 2,512,243,393 units valued at J\$11.8B, relative to 2,439,794,361 units valued at over J\$12.0B for the March 2024 quarter.

For the quarter ended June 2024, the Planning Institute of Jamaica (PIOJ) projects that the local economy will grow within the range of 1.5% to 2.5%. PIOJ indicated that this is premised on the continued strengthening of the Mining & Quarrying industry due to higher capacity utilization at alumina refineries. Also contributing to the positive economic development is

Investment team



Renee Murray
Portfolio Manager
Scotia Investments

Renee Murray is a financial services professional with over nine (9) years' experience in the financial services industry. Renee attended the University of the West Indies, where she graduated with Honours, receiving a Bachelor's Degree in Actuarial Science. Thereafter she pursued and passed seven (7) Actuarial Science exams with the Institute and Faculty of Actuaries. Renee has previously worked as a Senior Portfolio Analyst as well as a Treasury Management Specialist at leading firms in the Jamaican financial industry, working with various Pension Fund and Unit Trust portfolios. Her experience spans portfolio management, investment analysis, as well as treasury management.

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increased domestic demand, due to relatively high levels of employment, and continued strengthening in the global economy.

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

Fund Performance* and Positioning

The Fund had a 3-month net return of 1.59% at the end of Q2 2024, outperforming its benchmark's return of 0.40%.

Positive contributors to performance included the Fund's overweight allocation to United States (US) equities and the selection of Jamaican equities.

The Fund Managers intend to increase Fixed Income exposure to benefit from the elevated interest rate environment, rebalance equity holdings to reduce exposure to cyclical stocks and maintain exposure to US stocks with a focus on defensive sectors.

Outlook

The portfolio managers maintain a bearish outlook for the local main stock market given elevated interest rates locally. They also expect volatility in the US stock market performance given expected slowdown in economic activity due to elevated interest rates.

*As of June 30, 2024, performance returns for the Scotia Premium Growth Fund are as follows: 1 month: 1.61%, 3 Mos: 1.59%, 6 Mos: 2.90%, YTD: 2.90%, 1 Yr: 5.14%, 3 Yrs: -1.81%, 5 Yrs: -1.69%, 10 Yrs: 14.05%, and since inception (06/23/1987): 12.30%. Performance returns for the SIJL Customized Jamaican Equity Benchmark are as follows: 1 month 0.61%, 3 Mos: 0.40%, 6 Mos: 2.11%, YTD: 2.11%, 1 Yr: 3.17%, 3 Yrs: -2.30%, 5 Yrs: -1.50%, 10 Yrs: 22.12%.

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 under "Scotiabank". Net asset value information of the unit trusts can be found on scotiainvestmentsjm.com. TM Trademark of the Bank of Nova Scotia, used under license.