

Scotia Premium Money Market Fund

Quarterly fund highlights

As of March 31, 2025

Market Review

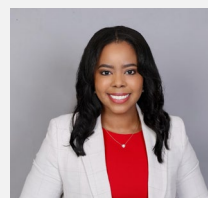
Local economic indicators displayed mixed signals for the quarter ended March 2025. The Jamaican economy was characterized by a contraction in economic growth, declining inflation, and a decline in stock market activity. According to STATIN, local economic activity contracted by 0.8% for the fourth quarter of 2024, relative the comparable period of 2023. The contraction was primarily driven by the passage of Tropical Storm Rafael and the lingering impact of Hurricane Beryl in July 2024, which most adversely impacted the agricultural sector. For the December 2024 quarter, notable declines were seen in the sectors of Agriculture, Forestry, & Fishing (down 10.6%), Mining & Quarrying (down 2.3%), Hotels & Restaurants (down 0.3%), and Construction (down 2.7%).

As at March 2025, STATIN noted that the point-to-point inflation outturn was 5%, attributed to an increase in 'Food and Non-Alcoholic Beverages' (up 7.4%), 'Housing, Water, Electricity, Gas and Other Fuels' (up 5.1%) and 'Restaurants and Accommodation Services' (up 6.2%). Notably, headline inflation averaged 4.7% during the March quarter, anchoring within the Bank of Jamaica's (BOJ) targeted range of 4% to 6%. Nevertheless, the Bank of Jamaica (BOJ) maintained its policy rate at 6.0% during the March 2025 quarter. The Bank's decision to maintain the policy rate was made within the context of global economic uncertainty as it relates to Jamaica's main trading partners instigated by global trade tensions. At the close of trading on March 31, 2024, the Jamaica Dollar (J\$)/United States Dollar (US\$) pair was \$158.35 to \$1.00. This reflects a year-to-date depreciation of 1.17%. Throughout the March 2025 quarter, the Bank reaffirmed its commitment to supporting the foreign exchange market, supplying inflows of US\$230Mn.

Local stock market activity recorded a boost during the March 2025 quarter. The JSE Combined Index declined by 3.04% to close at 337,336.70 points, while the Junior Market Index declined by 3.52% to close at 3,603.55 points. Overall market activity resulted from trading in 130 stocks of which 52 advanced, 75 declined and 3 traded firm. Market volume during the March 2025 quarter amounted to 2,786,129,083 units valued at over J\$32,159,675,439.39.

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

Investment team



April Walters
Portfolio Manager
Scotia Investments

April joined Scotia Investments Jamaica Ltd in 2022. With over a decade of experience in the financial industry, she has expertise in portfolio and treasury management, trading, and research. April holds a Bachelor of Science in Economics and Finance from the University of the West Indies, Jamaica, and has completed her Master of Science in Global Banking and Finance from King's College London. She has passed the Chartered Financial Analyst (CFA®) Level 1 exam and holds a Professional Certificate in Portfolio Management from the New York Institute of Finance. Additionally, April is a member of the CFA Society Advocacy Committee and was awarded first place in the Jamaica Stock Exchange Market Research Competition in 2019.

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Fund Performance* and Positioning

The Fund had a 3-month net return of 1.42% at the end of Q1 2025, which underperformed the benchmark's return of 1.49%.

The Fund's selection of Jamaican Dollar (JMD) cash equivalents contributed to performance over the quarter. Performance detractors included the fund's overweight allocation to Government of Jamaica (GOJ) fixed rate bonds, overweight allocation to corporate fixed rate bonds and an overweight allocation to GOJ variable rate bonds.

The Fund is positioning to increase corporate bond exposure with a focus on acquiring more attractively priced corporate bonds, targeting Bank of Jamaica (BOJ) instruments and increase exposure to GOJ Treasury bills.

Outlook

Local interest rates declined in the final quarter of 2024. However, amid renewed global inflationary pressures driven by trade tensions and tariff adjustments, the Bank of Jamaica is expected to hold rates and maintain a cautious policy stance. In the near term, elevated GOJ JMD maturities are expected to increase market liquidity. However, reduced auction sizes may temper the impact on yields.

*As of March 31, 2025, performance returns for the Scotia Premium Money Market Fund are as follows: 1 month: 0.45%, 3 Mos: 1.42%, 6 Mos: 3.10%, YTD: 1.42%, 1 Yr: 6.82%, 3 Yrs: 6.75%, 5 Yrs: 4.54%, 10 Yrs: 3.82%, and since inception (07/06/2011): 4.35%. Performance returns for the 3-Month GOJ T-Bill benchmark are as follows: 1 month 0.51%, 3 Mos: 1.49%, 6 Mos: 3.13%, YTD: 1.49%, 1 Yr: 7.07%, 3 Yrs: 7.47%, 5 Yrs: 5.08%, 10 Yrs: 4.66%

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.