

# Scotia Premium Money Market Fund

## Quarterly fund highlights

As of March 31, 2024

## Market Review

For the March 2024 quarter, Jamaica's key economic variables remained stable. The point-to-point inflation rate as at March 2024 was 5.6%, which was lower than the 6.2% for the February 2024 period and marginally below the Bank of Jamaica's (BOJ) target upper limit of 6%. According to the Statistical Institute of Jamaica (STATIN), the inflation outturn was driven by a downward movement in the 'Food and Non-Alcoholic Beverages' division, primarily due to the decline of agricultural produce prices over the period. The Bank estimates that inflation will likely breach its upper limit over the March 2024 to June 2025 quarters, given the increase in public passenger vehicles fares, higher-than-projected wage adjustments and worsening of supply chain conditions.

Notwithstanding the inflation headwinds, the BOJ held its policy rate at 7.00% during the March 2024 quarter. Of note, the Bank remains committed to stabilizing the foreign exchange market. During the March 2024 quarter, the BOJ intervened in the foreign exchange market supplying a total of US\$208.1M to end users, relative to US\$180.0M in the comparable period of 2023. At the close of trading on March 28, 2023, the Jamaica Dollar (\$J)/United States Dollar (US\$) pair was \$154.70 to \$1.00. This reflects a year-to-date appreciation of 0.16%.

Despite the elevated interest rate environment, during the quarter ended March 2024, there was an uptick in trading activity on the local equities market. The JSE Combined Index advanced by 1.94% to close at 341,247.67 points. This was attributable to both the JSE Main Market and the Junior Market augmenting by 1.93% and 2.39% respectively during the period. Over the March 2024 quarter, market volume traded amounted to 1,756,635,282 units valued at J\$9.69B. This represents a 95.5% jump when compared to the March 2023 quarter that recorded a market volume of 898,381,381 units valued at J\$8.33B. The rise in trading activity is likely due to increased investor confidence that local interest rates have hit their peak.

During 2023, the Jamaican economy recovered to its pre-covid output levels. For the fourth quarter of 2023, STATIN indicated that the Jamaican economy grew by 1.7%, relative to the comparable period of 2022. Both the goods producing, and services industries contributed to the positive development, augmenting by 0.8% and 2.0% respectively.

## Investment team



**April Walters**  
Portfolio Manager  
Scotia Investments

April joined Scotia Investments Jamaica Ltd in 2022. April's professional experience spans almost ten years in the financial industry in the areas of portfolio & treasury management, trading, and research. She holds a Bachelor of Science with a Major in Economics and Finance from the University of West Indies, Jamaica and has passed her Chartered Financial Analyst (CFA®) Level 1 exam. She also possesses a Professional Certificate in Portfolio Management from the New York Institute of Finance and is currently a graduate student at King's College London University, where she is pursuing a Master of Science in Global Banking and Finance. She is also a member of the CFA Society Advocacy Committee and placed first in the Jamaica Stock Exchange Market Research Competition in 2019.

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The 'hotels and restaurant' sector drove the gains within the services industries - growing by 8.3%, while for the goods producing industries, mining and quarrying activities surged by 21.5% over the period. Of note, the JAMALCO plant resumed its mining operations during CY2023, relative to be closed in the second half of 2022 due to a fire. Other Industries that recorded notable gains were 'finance and insurance services' (3.6%) and 'electricity and water supply' (5.2%). Overall economic growth for Q4-2023 was stymied by the construction industry and government services which contracted by 3.8% and 0.4% respectively.

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

## Fund Performance\* and Positioning

The Fund had a 3-month net return of 1.85% at the end of Q1 2024, which was lower than the benchmark's return of 2.13%.

The Fund's overweight allocation to GOJ fixed rate bonds and Corporate Bonds contributed to performance, while an overweight allocation to GOJ variable rate bonds detracted from performance.

The Fund Managers are rebalancing the Fund to increase corporate bond exposure with a focus on acquiring more attractively priced corporate bonds. They also continue to take advantage of attractive pricing on money market securities.

## Outlook

Although the BOJ has eased the pace of interest rate increases, we expect local interest rates to remain elevated. The Bank of Jamaica is expected to maintain its restrictive policy rate for the first half of the year as inflation continues to trend to the above its target range. The Investment Manager will therefore pursue money market and short-term fixed income instruments with attractive yields while securing rates for longer tenors in anticipation of a potential decline in interest rates.

\*As of March 31, 2024, performance returns for the Scotia Premium Money Market Fund are as follows: 1 month: 0.70%, 3 Mos: 1.85%, 6 Mos: 3.69%, YTD: 1.85%, 1 Yr: 7.45%, 3 Yrs: 4.99%, 5 Yrs: 3.39%, 10 Yrs: 3.80%, and since inception (07/06/2011): 4.16%. Performance returns for the 3-Month GOJ T-Bill benchmark are as follows: 1 month 0.74%, 3 Mos: 2.13%, 6 Mos: 4.12%, YTD: 2.13%, 1 Yr: 8.31%, 3 Yrs: 5.75%, 5 Yrs: 4.02%, 10 Yrs: N/A

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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.