

SCOTIA PREMIUM SHORT TERM INCOME FUND - USD

FINANCIAL STATEMENTS

OCTOBER 31, 2025



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## INDEPENDENT AUDITORS' REPORT

To the Unit Holders of  
SCOTIA PREMIUM SHORT TERM INCOME FUND - USD

### *Opinion*

We have audited the financial statements of Scotia Premium Short Term Income Fund - USD ("the Fund"), set out on pages 4 to 30, which comprise the statement of financial position as at October 31, 2025, the statements of profit or loss and other comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at October 31, 2025, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Unit Holders of  
SCOTIA PREMIUM SHORT TERM INCOME FUND - USD

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Unit Holders of  
SCOTIA PREMIUM SHORT TERM INCOME FUND - USD

*Auditors' Responsibilities for the Audit of the Financial Statements (Continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Chartered Accountants  
Kingston, Jamaica

December 30, 2025

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Statement of Profit or Loss and Other Comprehensive Income**  
**Year ended October 31, 2025**  
*(expressed in United States dollars unless otherwise stated)*

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>Revenue</b>			
Interest income calculated using the effective interest method:			
Financial assets at fair value through profit or loss (FVTPL)		2,125,280	1,496,343
Financial assets at amortised cost		1,913,147	2,173,964
Net loss on financial assets at (FVTPL)		( 12,828)	( 1,632)
Unrealised gain/(loss) on financial assets at FVTPL		<u>279,962</u>	<u>( 113,883)</u>
<b>Total revenue</b>		<u>4,305,561</u>	<u>3,554,792</u>
<b>Expenses</b>			
Management fees	4,16(d)	1,137,121	966,947
Other expenses	5	<u>174,833</u>	<u>146,592</u>
<b>Total operating expenses</b>		<u>1,311,954</u>	<u>1,113,539</u>
<b>Profit for the year, being increase in net assets attributable to holders of redeemable units</b>		<u>2,993,607</u>	<u>2,441,253</u>

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Statement of Financial Position**

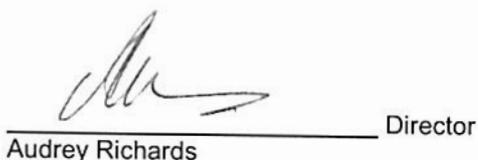
**October 31, 2025**

*(expressed in United States dollars unless otherwise stated)*

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>			
Cash and cash equivalents	6	3,376,819	282,211
Financial assets at fair value through profit or loss	8	37,149,222	40,184,072
Financial assets at amortised cost	9	45,153,198	39,386,799
Accounts receivable	10	696,744	67
Due from Fund Manager	7	<u>56,689</u>	<u>54,443</u>
<b>Total assets</b>		<u>86,432,672</u>	<u>79,907,592</u>
<b>LIABILITIES</b>			
Due to Fund Manager	7	-	107
Other payables		<u>847,799</u>	<u>375,509</u>
<b>Total Liabilities</b>		<u>847,799</u>	<u>375,616</u>
<b>Net assets attributable to holders of redeemable units</b>	11	<u>85,584,873</u>	<u>79,531,976</u>

The financial statements on pages 4 to 30 were approved for issue by the Board of Scotia Investments Jamaica Limited on December 19, 2025 and signed on its behalf by:

  
 Eric Crawford  
 Director

  
 Audrey Richards  
 Director

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Statement of Changes in Net Assets Attributable to Holders of Redeemable Units**

**Year ended October 31, 2025**

*(expressed in United States dollars unless otherwise stated)*

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>Balance at the beginning of the year</b>		79,531,976	60,289,950
Profit for the year, being increase in net assets attributable to holders of redeemable units		<u>2,993,607</u>	<u>2,441,253</u>
		<u>82,525,583</u>	<u>62,731,203</u>
Contributions and redemptions by holders of redeemable units:			
Issue of redeemable units during the year	11	20,833,652	28,980,128
Reinvestments	11	1,434,005	1,372,699
Redemption of units during the year	11	(17,119,808)	(11,657,404)
Distributions	11	(2,088,559)	(1,894,650)
<b>Contributions by holders of redeemable units, net</b>		<u>3,059,290</u>	<u>16,800,773</u>
<b>Balance at the end of the year</b>		<u>85,584,873</u>	<u>79,531,976</u>

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Statement of Cash Flows**

**Year ended October 31, 2025**

*(expressed in United States dollars unless otherwise stated)*

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>			
Increase in net assets attributable to holders of redeemable units		2,993,607	2,441,253
Adjustments for:			
Unrealised (gain)/loss on financial assets at fair value through profit or loss (FVTPL)		( 279,962)	113,883
Interest income calculated using the effective interest method		( 4,038,427)	( 3,670,307)
		( 1,324,782)	( 1,115,171)
<b>Changes in operating assets and liabilities</b>			
Financial assets at fair value through profit or loss		3,274,108	(10,533,811)
Financial assets at amortised cost		( 6,010,367)	(10,847,234)
Due from fund manager		( 2,246)	24,409
Accounts receivable		( 696,677)	( 16)
Due to fund manager		( 107)	107
Other payables		472,290	( 916,597)
Proceeds from new units available for investment	11,15	20,833,652	28,980,128
Payments for units encashed	11,15	(17,119,808)	(11,657,404)
Proceeds from income reinvested	11	1,434,005	1,372,699
Income distribution	11	( 2,088,559)	( 1,894,650)
		( 1,228,491)	( 6,587,540)
Interest received		<u>4,323,099</u>	<u>3,318,042</u>
Net cash provided by/(used in) operating activities, being net increase/(decrease) in cash and cash equivalents at end of the year/period		3,094,608	( 3,269,498)
Cash and cash equivalents at beginning of the year		<u>282,211</u>	<u>3,551,709</u>
<b>Cash and cash equivalents at end of the year</b>		<u>3,376,819</u>	<u>282,211</u>

## **SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements**  
**Year ended October 31, 2025**  
 (expressed in United States dollars unless otherwise stated)

### **1. Scotia Premium Short Term Income Fund - USD**

Scotia Premium Short Term Income Fund - USD, ("Fund"), is registered in Jamaica as a unit trust scheme under the Unit Trusts Act. The Fund is managed by Scotia Investments Jamaica Limited ("Fund Manager"), and the Trustee is JCSD Trustee Services Limited. Both the Fund Manager and the Trustee are incorporated and domiciled in Jamaica. The registered office of the Fund is located at 3<sup>rd</sup> Floor, Scotiabank Centre Building, Corner Duke & Port Royal Street, Kingston, Jamaica, W.I.

The Fund Manager is a wholly-owned subsidiary of Scotia Group Jamaica Limited ("Scotia Group").

The Fund is a fixed income portfolio denominated in US dollars. The investment objective of this portfolio is to provide unit holders with quarterly income and daily liquidity. The Fund commenced operations on November 15, 2021.

The income of the Fund is exempt from income tax, under Section 13(t) of the Income Tax Act.

### **2. Summary of material accounting policies**

#### **(a) Statement of compliance and basis of preparation**

##### **(i) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

#### **New and amended standards and interpretations issued but are not yet effective**

At the date of authorisation of these financial statements, certain new and amended standards and interpretations were in issue but were not yet effective and had not been early-adopted by the Fund. The Fund has assessed their relevance with respect to its operations and has determined that the following may have an effect on its financial statements:

- Amendments to IAS 21 *Lack of Exchangeability* for periods beginning on or after January 1, 2025. The amendments provide clarification for situations where market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets. The amendments contain no specific requirements for estimating a spot rate.

The Fund is assessing the impact the amendments will have on its future financial statements.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**

**Year ended October 31, 2025**

**(expressed in United States dollars unless otherwise stated)**

**2. Summary of material accounting policies (continued)**

**(a) Statement of compliance and basis of preparation (continued)**

**(i) Statement of compliance (continued)**

**New and amended standards and interpretations issued but are not yet effective (continued)**

- IFRS 18 *Presentation and Disclosure in Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 promotes a more consistent structure to the presentation of income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a company's main business activities.

Entities are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of their operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category.

IFRS 18 also requires entities to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a 'useful structured summary' of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then the entity provides more detailed disclosures about their nature.

IFRS 18 requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management's view of financial performance. For each MPM presented, entities will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Entities are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

The Fund is assessing the impact that the standard will have on its 2028 financial statements.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**

**Year ended October 31, 2025**

**(expressed in United States dollars unless otherwise stated)**

**2. Summary of material accounting policies (continued)**

**(a) Statement of compliance and basis of preparation (continued)**

**(ii) Basis of measurement**

The financial statements have been prepared on the historical cost basis, except for financial assets measured and classified at fair value through profit or loss (FVTPL).

**(iii) Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain assumptions and critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**(iv) Functional and presentation currency**

These financial statements are presented in United States (US) Dollars, which is the Fund's functional currency.

**(b) Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at the exchange rates prevailing at the reporting date, being the mid-point between Bank of Jamaica's weighted average buying and selling rates at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to United States Dollars at the exchange rate at the date that fair value is calculated.

Transactions in foreign currencies are translated to United States Dollars at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from exchange rate fluctuations are included in profit or loss.

**(c) Interest**

Interest income is recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECLs).

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
~~(expressed in United States dollars unless otherwise stated)~~

**2. Summary of material accounting policies (continued)**

**(d) Net gain from financial instruments mandatorily measured at fair value through profit or loss**

Net gain from financial instruments mandatorily measured at fair value through profit or loss includes all realised and unrealised fair value changes, realised gains and losses from the sale of financial instruments and foreign exchange differences, but excludes interest.

**(e) Financial assets and financial liabilities**

**(i) Recognition and initial measurement**

Financial assets and liabilities at fair value through profit or loss are recognised initially on the trade date, at which the Fund becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in profit or loss. Financial assets and liabilities not at fair value through profit or loss are measured initially at fair value, plus transaction costs that are directly attributable to its acquisition or issue.

**(ii) Classification and measurement**

*Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)*

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

All other financial assets of the Fund are measured at FVTPL.

*Business model assessment*

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models:

- *Held-to-collect business model*: which includes cash and cash equivalents, receivables and resale agreements. These financial assets are held to collect contractual cash flows.
- *Other business model*: which includes debt securities and certificates of deposit. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
~~(expressed in United States dollars unless otherwise stated)~~

2. Summary of material accounting policies (continued)

**(e) Financial assets and financial liabilities (continued)**

(ii) Classification and measurement (continued)

*Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows; leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

*Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing those financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

The Fund has financial assets and liabilities classified in the following categories:

- Financial assets at fair value through profit or loss – bonds and other notes.
- Financial assets at amortised cost – cash, receivables, due from Fund Manager, resale agreements and corporate bonds.
- Financial liabilities measured at amortised cost - other payables.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method, of any difference between the amount recognised and the maturity amount, minus any reduction for impairment.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
*(expressed in United States dollars unless otherwise stated)*

**2. Summary of material accounting policies (continued)**

**(e) Financial assets and financial liabilities (continued)**

**(iv) Derecognition**

The Fund derecognises a financial instrument when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability on the statement of financial position.

On derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received is recognised in profit or loss.

The Fund is engaged in transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

The Fund derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

**(v) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Fund has a legal right to set off the recognised amounts and it intends to settle on a net basis or to realise the assets and settle the liability simultaneously.

**(vi) Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund Manager measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Fund Manager uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
*(expressed in United States dollars unless otherwise stated)*

2. Summary of material accounting policies (continued)

**(e) Financial assets and financial liabilities (continued)**

**(vi) Fair value measurement (continued)**

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Fund Manager determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Fund Manager measures the asset and long positions at a bid price and the liability and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Fund Manager on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

**(vii) Identification and measurement of impairment**

The Fund recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, based on lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
~~(expressed in United States dollars unless otherwise stated)~~

2. Summary of material accounting policies (continued)

**(e) Financial assets and financial liabilities (continued)**

(vii) Identification and measurement of impairment (continued)

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be as follows:

- (a) Credit Ratings issued by Standard and Poor's as BBB- or above;
- (b) Credit Ratings issued by Fitch Rating Agency as BBB- or above;
- (c) Credit Ratings issued by Moody's Rating Agency as Baa3 or above;
- (d) Credit Ratings issued by Caribbean Information and Credit Rating Services Limited as CariBBB- or above.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, including:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- probable bankruptcy or other financial reorganization of the borrower.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
 (expressed in United States dollars unless otherwise stated)

2. Summary of material accounting policies (continued)

**(e) Financial assets and financial liabilities (continued)**

(vii) Identification and measurement of impairment (continued)

*Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset.

**(f) Resale agreements**

A resale agreement ("reverse repo") is a short-term transaction whereby an entity buys securities and simultaneously agrees to resell the securities on a specified date and at a specified price. Title to the security is not actually transferred, unless the counterparty fails to comply with the terms of the contract.

Reverse repos are accounted for as short-term collateralised lending and are measured at amortised cost. The difference between the purchase and resale price is recognised as interest over the life of the agreements using the effective interest method.

**(g) Accounts receivable**

Accounts receivable is measured at amortised cost, less impairment losses.

**(h) Other payables**

Other payables are measured at amortised cost.

**(i) Redeemable units**

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable units issued by the Fund provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at the redemption date and also in the event of the Fund's liquidation. The redeemable units are therefore, classified as equity.

**(j) Cash and Cash Equivalents**

Cash and cash equivalents are measured at amortised cost which approximates fair value. This represents current account, call deposit balances and terms deposits at bank with maturities three months or less.

## **SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
*(expressed in United States dollars unless otherwise stated)*

**3. Critical accounting estimates and judgements in applying accounting policies**

The Fund Manager makes estimates and assumptions that affect the reported amounts of, and disclosures relating to assets, liabilities, income and expenses reported in these financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the absence of quoted market prices, the fair value of certain debt securities was determined using a generally accepted alternative method. The method includes the use of yield on securities with similar risks and tenure at the reporting date. There is however, no single accepted market yield, and therefore the resultant fair value estimates may not reflect the prices at which these instruments would trade in actual arm's length transactions.

**4. Management fees**

The Fund Manager is entitled to a fee (the "management fee") from the classes of Redeemable Investment Shares as disclosed in the table below.

<u>Class</u>	<u>Management fee per annum</u>
A	1.50%
I	Nil

No management fees are charged on Class I units. Instead, Class I investors negotiate a separate fee that is paid directly to the Fund Manager.

The Fund also incurs certain operating expenses. Such expenses may include, but are not limited to, administrative costs, interest on borrowed funds, auditing expenses, legal expenses, insurance, licensing, accounting, fees and disbursement of transfer agents, registrars, custodians, sub-custodians and escrow agents and the annual registration fee payable in Jamaica. The Fund Manager may at its sole discretion choose to absorb any of these expenses, at any time.

For the year ended October 31, 2025, the Fund Manager voluntarily applied an expense ratio cap of 1.75% for Class A units (2024: 1.75%), and 1.75% for Class I units (2024: 1.75%). The Fund Manager may decide to change or cease the expense ratio cap at any time.

**5. Other expenses**

	<u>2025</u>	<u>2024</u>
Auditors' remuneration	23,821	14,099
Transfer agent fees	36,870	28,325
Trustee fees	36,201	30,430
Administration and accounting fees	64,999	64,998
Other	<u>12,942</u>	<u>8,740</u>
	<u>174,833</u>	<u>146,592</u>

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
*(expressed in United States dollars unless otherwise stated)*

**6. Cash and cash equivalents**

This represents current account, call deposit balances and term deposits at bank with maturities three months or less.

**7. Due from Fund Manager/Due to Fund Manager**

Due from Fund Manager represents a balance due from Scotia Investments Jamaica Limited, net of commission, on account of amounts collected from unit holders for the sale of units or amounts reimbursable for expenditure on behalf of the Fund.

Due to Fund Manager represents a balance due to Scotia Investments Jamaica Limited for management fees.

**8. Financial assets at fair value through profit or loss**

	<u>2025</u>	<u>2024</u>
<b>Government and Bank of Jamaica Securities:</b>		
4.500% Trinidad & Tobago SR Unsecured 2026	5,995,113	4,207,536
3.717% Government of Bermuda SR Unsecured 2027	5,126,609	2,209,944
4.850% Republic of Chile SR Unsecured Note 2029	3,065,700	-
3.125% Republic of Chile SR Unsecured Note 2026	2,285,970	-
4.500% Trinidad & Tobago Unsecured Note 2030	1,901,000	-
0.000% Treasury Bill 2025	2,619,824	981,506
5.000% Government of Bermuda SR Unsecured 2032	1,139,040	1,096,480
3.240% Republic of Chile SR Unsecured Note 2028	1,132,651	-
6.750% United Mexican States SR Unsecured 2024	1,100,213	630,851
2.750% Republic of Chile SR Unsecured Note 2027	981,590	-
7.125% Republic of Panama SR Unsecured 2026	952,328	967,200
4.500% Republic of Columbia SR Unsecured 2029	785,040	743,845
5.75% Government of Jamaica SR Unsecured 2028	615,780	-
3.250% Republic of Colombia SR Unsecured 2032	579,700	526,842
4.750% Government of Bermuda Unsecured 2029	705,250	490,000
2.375% Government of Bermuda SR Unsecured 2030	271,350	258,750
4.500% Republic of Colombia SR Unsecured 2026	199,370	691,682
4.750% United Mexican States SR Unsecured 2032	196,900	186,235
3.875% Republic of Columbia SR Unsecured Note 2027	-	2,391,499
3.875% Republic of Panama SR Unsecured 2028	-	1,695,842
4.125% United Mexican States SR Unsecured 2026	-	1,787,304
0.000% Treasury Bill 2024	-	699,432
4.125% Republic of Peru SR Unsecured Note 2027	-	687,389
7.350% Republic of Peru SR Unsecured Note 2025	-	320,515
3.125% Republic of Chile SR Unsecured Note 2025	-	297,044
7.625% Government of Jamaica SR Unsecured 2025	<u>168,667</u>	
Accrued interest	29,653,428	21,038,563
	<u>280,867</u>	<u>174,312</u>
Balance carried forward to page 19	<u>29,934,295</u>	<u>21,212,875</u>

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
 (expressed in United States dollars unless otherwise stated)

8. Financial assets at fair value through profit or loss (continued)

	<u>2025</u>	<u>2024</u>
Balance brought forward from page 18	<u>29,934,295</u>	<u>21,212,875</u>
<b>Corporate Bonds:</b>		
5.350% General Motors Financial Co INC SR Unsecured 2027	2,135,946	-
7.500% JMMB USD 2027	1,409,716	-
5.300% Sagicor Financial Co Company 2028	593,460	585,120
5.250% Global Bank Corporation SR Unsecured 2029	527,376	513,319
5.400% General Motors Financial Co INC SR Unsecured 2026	502,209	504,063
5.800% General Motors Financial Co INC SR Unsecured 2029	468,798	460,425
5.600% General Motors Co SR Unsecured 2032	469,309	457,140
7.750% NCBFG 2028	301,697	302,172
4.571% Bank of America Corp 2033	299,507	-
6.100% General Motors Financial Co INC SR Unsecured 2034	211,348	205,596
5.950% General Motors Financial Co INC SR Unsecured 2034	209,144	203,726
5.125% Ford Motor Credit Co LLC SR Unsecured 2025	-	3,760,387
6.125% General Motors Co SR Unsecured 2025	-	2,422,088
3.500% Goldman Sachs Group INC SR Unsecured 2025	-	2,684,576
2.900% General Motors Financial Co INC SR Unsecured 2025	-	2,010,282
8.500% Purchase of NCBFG 2025	-	1,300,000
8.300% JMMB Group USD Bond 2024	-	1,004,707
8.500% Purchase of NCBCY 2025	-	600,000
4.063% Ford Motor Credit Co LLC SR Unsecured 2024	-	600,000
5.250% VMBS Term Deposit 2025	-	567,664
5.250% JMMB Bank Term Deposit 2025	-	<u>556,257</u>
Accrued interest	<u>7,128,510</u>	<u>18,737,522</u>
	<u>86,417</u>	<u>233,675</u>
	<u>7,214,927</u>	<u>18,971,197</u>
Total	<u>37,149,222</u>	<u>40,184,072</u>

9. Financial assets at amortised cost

	<u>2025</u>	<u>2024</u>
Resale Agreements	44,600,844	38,590,477
Accrued interest	<u>552,354</u>	<u>796,322</u>
	<u>45,153,198</u>	<u>39,386,799</u>

The fair value of underlying securities used to collateralise resale agreements is \$49,061,623 (2024: \$87,283,671).

10. Accounts receivable

	<u>2025</u>	<u>2024</u>
Interest receivable	46,744	67
Receivable for investments sold	<u>650,000</u>	-
	<u>696,744</u>	<u>67</u>

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
 (expressed in United States dollars unless otherwise stated)

**11. Redeemable units**

The Fund's capital is represented by the redeemable units outstanding.

The objective of the Fund is to provide investors with a diversified money market fund offering liquidity and preservation of capital. The Fund invests in a wide range of securities, including stable, short-term instruments such as Government of Jamaica securities, Certificates of Deposit and corporate paper issued by creditworthy institutions in Jamaica and overseas. Unit holders may take advantage of the Fund's tax-exempt status by maintaining their investments in the Fund for a minimum period of 5 years.

	<u>2025</u>	<u>2024</u>
Increase in net assets attributable to holders of redeemable units	2,993,607	2,441,253
Proceeds from new units available for investment	20,833,652	28,980,128
Proceeds from reinvestments	<u>1,434,005</u>	<u>1,372,699</u>
Total inflows	25,261,264	32,794,080
Units distributions during the year	( 2,088,559)	( 1,894,650)
Units encashed and repaid during the year	<u>(17,119,808)</u>	<u>(11,657,404)</u>
Net proceeds for the year	6,052,897	19,242,026
Balance at the beginning of the year	79,531,976	60,289,950
Balance at end of the year	<u>85,584,873</u>	<u>79,531,976</u>

	Number of units	
	<u>2025</u>	<u>2024</u>
Class A		
Redeemable units:		
Opening balance	7,299,971	5,908,462
Issued during the year	2,007,482	2,393,014
Reinvested during the year	138,990	133,835
Redeemed during the year	<u>( 1,459,708)</u>	<u>( 1,135,340)</u>
Balance as at October 31	<u>7,986,735</u>	<u>7,299,971</u>

	Number of units	
	<u>2025</u>	<u>2024</u>
Class I		
Redeemable units:		
Opening balance	434,191	520
Issued during the year	7,338	433,671
Reinvested during the year	38	-
Redeemed during the year	<u>( 196,664)</u>	<u>-</u>
Balance as at October 31	<u>244,903</u>	<u>434,191</u>

Class A Units are available to all investors. Class I Units are available only to eligible institutional investors and other qualified investors.

After the initial offering period, redeemable units are available for subscription and redemption on each business day at a price equal to the net asset value per unit. The net asset value per unit is calculated in accordance with IFRS Accounting Standards.

In the event of a winding-up of the Fund, holders of redeemable unit are entitled to receive a pro-rata share up to their par value if there are sufficient assets available. In the event of any surplus assets, they are entitled to a further pro-rata unit of the assets.

## **SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

### **Notes to the Financial Statements (Continued)** **Year ended October 31, 2025** *(expressed in United States dollars unless otherwise stated)*

#### **12. Financial risk management**

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Fund Manager's aim is, therefore, to achieve an appropriate balance between risks and return and minimise potential adverse effects on the Fund's financial performance.

The Fund Manager's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund Manager regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The senior management investment team carries out risk management under policies approved by the Scotia Group Investment Committee. The Investment Committee identifies and evaluates financial risks, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk in accordance with the Trust Deed, which provides written policies for overall risk management.

#### **Financial instrument risks:**

Exposure to credit, market, and liquidity risks arises in the course of the Fund's business. Derivative instruments are not presently used to manage, mitigate or eliminate financial instrument risks.

##### **(a) Credit risk**

The Fund takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Fund by failing to discharge its obligation. Credit risk is the most important risk for the Fund's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally on investment activities that bring debt securities and other bills into the Fund's asset portfolio. Credit risk management and control are managed by the Investment Committee which has the responsibility of ensuring risks are managed within the limits established by the Trust Deed. In addition, Internal Audit is responsible for the independent review of risk management and the control environment.

The Fund Manager monitors credit risk by establishing a credit committee which reviews and assesses the Fund's credit portfolios with a view to reducing and controlling this risk.

Concentration of credit risk is mainly with respect to investments in Government of Jamaica securities. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

##### **(i) Credit risk measurement**

The probabilities of default of counterparties are assessed by using internal rating tools developed by Scotia Group, tailored to the various categories of counterparty. They are validated, where appropriate, by comparison with externally available data. Scotia Group rating scale shown below reflects the range of default probabilities defined for each rating class.

## **SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
 (expressed in United States dollars unless otherwise stated)

**12. Financial risk management (continued)**

Financial instrument risks (continued):

**(a) Credit risk (continued)**

**(i) Credit risk measurement (continued)**

<u>Scotia Group rating</u>	<u>External rating: Standard &amp; Poor's equivalent</u>
Excellent	AAA to AA+
Very Good	AA to A+
Good	A to A-
Acceptable	BBB+ to BB+
Higher Risk	BB to B-

**Credit quality analysis**

The Fund's exposure to credit risk arises in respect of the following financial instruments:

- Cash;
- Resale agreements;
- Investment in Government of Jamaica securities and corporate bonds;
- Term deposit;
- Receivable for investments sold; and
- Accounts receivable.

**Investment securities and resale agreements**

The Fund limits its exposure to credit risk by investing only with counterparties that have high credit ratings and in Government of Jamaica securities. Therefore, management does not expect any counterparty to fail to meet its obligations.

The Fund has documented investment policies in place, which guide the Fund in managing credit risk on investment securities and resale agreements. The Fund's exposure and the credit ratings of its counterparties are continually monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties based on their credit ratings and limits set.

At October 31, 2025, the Fund invested in Government of Jamaica securities with a credit grade of BB (2024: BB-), based on Standards and Poor's ratings, and local corporate bonds with a credit grade of CariBBB- and higher, based on CariCRIS ratings.

**Cash and cash equivalents**

Cash is held with reputable financial institutions and collateral is not required for such accounts as the Fund Manager regards the institutions as strong.

**Impairment**

Impairment on cash and cash equivalents, receivables and resale agreements has been measured on a 12-month expected loss basis. The Fund considers that these exposures have low credit risk based on the external credit ratings of the counterparties.

The Fund Manager monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and reviewing changes in bond yields, where available.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
*(expressed in United States dollars unless otherwise stated)*

**12. Financial risk management (continued)**

**(b) Market risk**

The Fund takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Fund's exposures to market risk are related to portfolios.

The market risk arising from trading and non-trading activities are determined by the Fund Manager and monitored by Scotia Group's treasury teams separately. Regular reports are submitted to the Investment Committee for review. Trading portfolios include those positions arising from market-making transactions where the Fund acts as principal with clients or with the market.

**(i) Interest rate risk:**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Investment Committee sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by the Fund Manager.

The following tables summarise carrying amounts of assets, liabilities and the capital account in order to arrive at the Fund's interest rate gap based on the earlier of contractual repricing and maturity dates.

	2025						Total
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	
Cash and cash equivalents	3,376,819	-	-	-	-	-	3,376,819
Accounts receivable	-	-	-	-	-	696,744	696,744
Financial assets at fair value through profit or loss	-	6,097,080	6,870,865	19,946,540	4,234,737	-	37,149,222
Financial assets at amortised cost	-	24,673,685	20,479,513	-	-	-	45,153,198
Due from Fund Manager	-	-	-	-	-	56,689	56,689
<b>Total assets</b>	<b>3,376,819</b>	<b>30,770,765</b>	<b>27,350,378</b>	<b>19,946,540</b>	<b>4,234,737</b>	<b>753,433</b>	<b>86,432,672</b>
Other payable	-	-	-	-	-	847,799	847,799
Capital account	-	-	-	-	-	85,584,873	85,584,873
<b>Total liabilities and capital account</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,432,672</b>	<b>86,432,672</b>
<b>Total interest rate Sensitivity gap</b>	<b>3,376,819</b>	<b>30,770,765</b>	<b>27,350,378</b>	<b>19,946,540</b>	<b>4,234,737</b>	<b>(85,679,239)</b>	<b>-</b>
<b>Cumulative gap</b>	<b>3,376,819</b>	<b>34,147,584</b>	<b>61,497,962</b>	<b>81,444,502</b>	<b>85,679,239</b>	<b>-</b>	<b>-</b>

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**
**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
*(expressed in United States dollars unless otherwise stated)*
**12. Financial risk management (continued)**
**(b) Market risk (continued)**
**(i) Interest rate risk (continued):**

	2024						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash and cash equivalents	282,211	-	-	-	-	-	282,211
Accounts receivable	-	-	-	-	-	67	67
Financial assets at fair value through profit or loss	-	2,350,681	15,860,666	18,324,368	3,648,357	-	40,184,072
Financial assets at amortised cost	-	14,470,297	24,916,502	-	-	-	39,386,799
Balance due from fund manager	-	-	-	-	-	54,443	54,443
<b>Total assets</b>	<b>282,211</b>	<b>16,820,978</b>	<b>40,777,168</b>	<b>18,324,368</b>	<b>3,648,357</b>	<b>54,510</b>	<b>79,907,592</b>
Due from Fund Manager	-	-	-	-	-	107	107
Other payable	-	-	-	-	-	375,509	375,509
Capital account	-	-	-	-	-	79,531,976	79,531,976
Total liabilities and capital account	-	-	-	-	-	79,907,592	79,907,592
<b>Total interest rate Sensitivity gap</b>	<b>282,211</b>	<b>16,820,978</b>	<b>40,777,168</b>	<b>18,324,368</b>	<b>3,648,357</b>	<b>(79,853,082)</b>	<b>-</b>
<b>Cumulative gap</b>	<b>282,211</b>	<b>17,103,189</b>	<b>57,880,357</b>	<b>76,204,725</b>	<b>79,853,082</b>	<b>-</b>	<b>-</b>

The average interest rates of financial instruments are as follows:

	2025						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5	Average	
	%	%	%	%	%	%	
Cash and cash equivalents	2.50	-	-	-	-	2.50	
Financial assets at fair value through profit or loss	-	2.46	4.71	4.62	5.35	4.29	
Financial assets at amortised cost	-	4.32	4.45	-	-	4.38	
2024							
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5	Average	
	%	%	%	%	%	%	
	1.50	-	-	-	-	1.50	
Cash	1.50	-	-	-	-	1.50	
Financial assets at fair value through profit or loss	-	6.18	5.67	4.97	4.97	5.45	
Financial assets at amortised cost	-	5.15	5.12	-	-	5.13	

Cash flows sensitivity analysis for variable rate instruments:

An increase of 25 (2024: 25) basis points in interest rates at the reporting date would have increased the net assets attributable to holders of redeemable units and the profit by \$2,088 (2024: \$1,338). A decrease of 100 (2024: 100) basis points in interest rates would have decreased the net assets attributable to holders of redeemable units and profit by \$8,350 (2024: \$5,350).

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
*(expressed in United States dollars unless otherwise stated)*

**12. Financial risk management (continued)**

**(b) Market risk (continued)**

**(i) Interest rate risk (continued):**

Fair value sensitivity analysis

A change of +25 and -100 (2024: +25 and -100) basis points in interest rates for Jamaica and +25 and -50 (2024: +25 and -100) basis points on United States dollar financial instruments at the reporting date would have increased/(decreased) the net assets attributable to holders of redeemable units by the amounts shown below.

The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis is performed in a consistent manner yearly.

Change in basis points

	<u>(Decrease)/increase in net assets attributable to holders of redeemable units</u>	
	<u>2025</u>	<u>2024</u>
USD interest rates +25bps/25bps -50bps/100bps	( 186) 380	( 117) 733
JMD interest rates +25bps/25bps -100bps/100bps	- -	- -

**(ii) Foreign currency risk:**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund incurs foreign currency risk on transactions that are denominated in a currency other than the United States Dollar. The main currency giving rise to this risk is the Jamaica Dollar (JMD). The Fund ensures that the net exposure is kept within limits established by the Fund Manager.

At the reporting date, the US Dollar equivalent of the Fund's financial assets and liabilities were as follows:

	<u>2025</u>		
	<u>JMD</u>	<u>USD</u>	<u>Total</u>
Financial assets			
Investments	-	82,302,420	82,302,420
Cash and cash equivalents	-	3,376,819	3,376,819
Due from Fund Manager	-	56,689	56,689
Accounts receivable	-	696,744	696,744
Total financial assets	-	86,432,672	86,432,672
Financial liabilities			
Other payables	-	( 847,799)	( 847,799)
Net financial assets	-	<u>85,584,873</u>	<u>85,584,873</u>

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
 (expressed in United States dollars unless otherwise stated)

12. Financial risk management (continued)(b) **Market risk (continued)**

## (ii) Foreign currency risk (continued):

		2024	
		JMD	USD
Financial assets			
Investments	-	79,570,871	79,570,871
Cash and cash equivalents	-	282,211	282,211
Due from Fund Manager	-	54,443	54,443
Accounts receivable	-	67	67
Total financial assets	-	79,907,592	79,907,592
Financial liabilities			
Due to Fund Manager	-	( 107)	( 107)
Other payables	-	( 375,509)	( 375,509)
Net financial assets	-	<u>79,531,976</u>	<u>79,531,976</u>

**Sensitivity analysis**

Changes in the J\$ against the US\$ at October 31, would have increased/(decreased) net assets attributable to holders of redeemable units by the amounts shown below.

	<u>Net assets attributable to holders of redeemable units</u>	
	<u>2025</u>	<u>2024</u>
US\$ increase by 3.5% (2024: 4%)	2,995,471	3,181,279
US\$ decrease by 1% (2024: 1%)	( 855,849)	( 795,320)

(c) **Liquidity risk**

Liquidity risk is the risk that the Fund is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay unit holders and fulfill other commitments.

A senior management investment team regularly reviews sources of liquidity and performs the following:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or encashment made by unit holders;
- Maintaining an active, highly marketable portfolio of assets/money markets and or equity (shares), which can be easily liquidated as protection against unforeseen disruption to cash flow;
- Managing the concentration and profile of debt maturities against internal and regulatory requirements; and
- Monitoring the liquidity ratios against internal and regulatory requirements.

The Fund's financial liabilities consist of other payables with contractual maturities of within three months from the reporting date.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
*(expressed in United States dollars unless otherwise stated)*

**12. Financial risk management (continued)**

**(d) Capital risk management**

The redeemable shares issued by the Fund provide an investor with the right to redeem shares for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date and are classified as equity. See note 11 for description of the redeemable shares issued by the Fund.

The Fund's objectives when managing the redeemable shares are to maintain a strong base to maximise returns to all investors and manage liquidity risk arising from redemptions.

The Fund is not subject to any externally-imposed capital requirements. There were no changes to the Fund's risk management policies during the period.

**13. Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. Market price is used to determine fair value where an active market exists, as it is the best evidence of the fair value of a financial instrument.

For financial instruments for which no market price is available, the fair value presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting date.

The Fund measures fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on prices for similar instruments for which significant observation adjustments or assumptions are done to reflect differences between the instruments.

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
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**13. Fair value of financial instruments (continued)**

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (i) financial investments classified as "at fair value through profit or loss" are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;
- (ii) the fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount.
- (iii) the fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

Accounting classifications and fair values:

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. This table excludes financial instruments not carried at fair value but for which carrying value approximates fair value.

2025						
	Carrying amount			Fair value		
	Amortised cost	At fair value through profit or loss	Total	Level 2	Level 3	Total
<b>Financial assets measured at fair value:</b>						
Financial assets at fair value through profit or loss	- - -	<u>37,149,222</u>	<u>37,149,222</u>	<u>37,149,222</u>	<u>- - -</u>	<u>37,149,222</u>
<b>Financial assets not measured at fair value:</b>						
Financial assets at amortised cost	45,153,198	- - -	45,153,198	- - -	45,153,198	45,153,198
Cash and cash equivalents	3,376,819	- - -	3,376,819	- - -	3,376,819	3,376,819
Due from fund manager	56,689	- - -	56,689	- - -	56,689	56,689
Accounts receivable	696,744	- - -	696,744	- - -	696,744	696,744
	<u>49,283,450</u>	<u>- - -</u>	<u>49,283,450</u>	<u>- - -</u>	<u>49,283,450</u>	<u>49,283,450</u>
<b>Financial liabilities not measured at fair value:</b>						
Other payables	847,799	- - -	847,799	- - -	847,799	847,799
2024						
	Carrying amount			Fair value		
	Amortised cost	At fair value through profit or loss	Total	Level 2	Level 3	Total
<b>Financial assets measured at fair value:</b>						
Financial assets at fair value through profit or loss	- - -	<u>40,184,072</u>	<u>40,184,072</u>	<u>40,184,072</u>	<u>- - -</u>	<u>40,184,072</u>
<b>Financial assets not measured at fair value:</b>						
Financial assets at amortised cost	39,386,799	- - -	39,386,799	- - -	39,386,799	39,386,799
Cash and cash equivalents	282,211	- - -	282,211	- - -	282,211	282,211
Due from fund manager	54,443	- - -	54,443	- - -	54,443	54,443
Accounts receivable	67	- - -	67	- - -	67	67
	<u>39,723,520</u>	<u>- - -</u>	<u>39,723,520</u>	<u>- - -</u>	<u>39,723,520</u>	<u>39,723,520</u>
<b>Financial liabilities not measured at fair value:</b>						
Due to Fund Manager	107	- - -	107	- - -	107	107
Other payables	<u>375,509</u>	<u>- - -</u>	<u>375,509</u>	<u>- - -</u>	<u>375,509</u>	<u>375,509</u>

**SCOTIA PREMIUM SHORT TERM INCOME FUND - USD**

**Notes to the Financial Statements**  
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**14. Units prices/yield**

- (a) The number of units at October 31, 2025 was \$8,231,638 (2024: \$7,734,162).
- (b) The yield of the Fund for the year ended October 31, 2025 was 3.65% (2024: 3.74%). The calculation of yield is based on the annualised movement in unit price over the year.
- (c) The price per unit as at October 31, 2025 was:

Class A - \$10.40 (2024: \$10.29)

Class I - \$10.27 (2024: \$10.15)

The price per unit is arrived at by dividing the value of the net deposited property, less sales and fiscal charges, by the number of units in issue at a point in time.

**15. Statement of transactions**

	<u>2025</u>	<u>2024</u>
Proceeds from sale of new units	20,833,652	28,980,128
Less: Amount paid over to Trustee	<u>(20,833,652)</u>	<u>(28,980,128)</u>
	Nil	Nil
Encashment of units by clients	(17,119,808)	(11,657,404)
Payment by Trustee	<u>17,119,808</u>	<u>11,657,404</u>
	Nil	Nil

**16. Related party balances and transactions**

- (a) Parties are considered to be related if one party has the ability to control or exercise significant influence over, or be controlled and significantly influenced by, the other party or both parties are subject to common control or significant influence. A number of transactions are entered into with related parties, in the normal course of business. These include investment transactions.

Related party transactions with the Fund Manager include management fees and interest income.

- (b) Identity of related parties:

The Fund has related party relationships with its Fund Manager, parent and subsidiary of the Fund Manager and companies under common control with the Fund Manager.

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**Notes to the Financial Statements (Continued)**  
**Year ended October 31, 2025**  
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**16. Related party balances and transactions (continued)**

(c) The statement of financial position includes related party balances, arising in the ordinary course of business as follows:

	<u>2025</u>	<u>2024</u>
Due from Fund Manager	56,689	54,443
Due to Fund Manager	-	107
Fund Manager and companies under common control with the Fund Manager:		
Cash – The Bank of Nova Scotia Jamaica Limited	1,329,872	172,429
Other payables:		
Scotia Investments Jamaica Limited	(____ 88)	(____ 79)

(d) The statement of profit or loss and other comprehensive income includes the following expenses incurred in transactions with related parties in the ordinary course of business:

	<u>2025</u>	<u>2024</u>
Management fees:		
Scotia Investments Jamaica Limited	<u>1,137,121</u>	<u>966,947</u>

(e) The following related parties are unit holders as at October 31 with balances as shown:

	<u>2025</u>	<u>2024</u>
Scotia Investments Jamaica Limited	322,869	319,293
Key management personnel of Fund Manager	<u>1,267,101</u>	<u>643,000</u>

**17. Comparatives**

Certain comparatives have been regrouped or reclassified in order to make them comparable with that of the current year financial statements.

The changes did not result in any change in prior year's reported profit or net assets.

**18. Impact of Hurricane Melissa**

On October 28, 2025, Jamaica was impacted by the passing of hurricane Melissa, a Category 5 hurricane, resulting in extensive damage to infrastructure, housing stock, as well as disruption in business operations. The impact was more severe in western parishes, where the hurricane made landfall. In accordance with the Disaster Risk Management Act, the Prime Minister of Jamaica declared the island a disaster area effective October 28, 2025.

The Fund Manager has assessed the impact of this event on the entity's operations, including potential effects on expected credit loss provisions, asset impairment, and key financial statement items.

The Fund Manager continues to monitor the impact of Hurricane Melissa on its clients. While the full effect is still being evaluated, the Fund remains well-positioned to manage potential risks arising from this event.