

SCOTIA PREMIUM US DOLLAR INDEXED FUND

FINANCIAL STATEMENTS

OCTOBER 31, 2025



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## INDEPENDENT AUDITORS' REPORT

To the Unit Holders of  
SCOTIA PREMIUM US DOLLAR INDEXED FUND

### *Opinion*

We have audited the financial statements of Scotia Premium US Dollar Indexed Fund ("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 (the 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.

KPMG, a Jamaican partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Rajan Trehan  
Norman O. Rainford  
Nigel R. Chambers  
Nyssa A. Johnson

Wilbert A. Spence  
Sandra A. Edwards  
Karen Ragoobirsingh

Damion D. Reid  
Uday Bhalara



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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Unit Holders of  
SCOTIA PREMIUM US DOLLAR INDEXED FUND

### *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.
- 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Unit Holders of  
SCOTIA PREMIUM US DOLLAR INDEXED FUND

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

- 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.

A handwritten signature in dark ink that reads 'KPMG' in a stylized, cursive-like font.

Chartered Accountants  
Kingston, Jamaica

December 30, 2025

## **SCOTIA PREMIUM US DOLLAR INDEXED FUND**

### **Statement of Profit or Loss and Other Comprehensive Income Year ended October 31, 2025**

*(expressed in thousands of Jamaican 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)		153,368	177,603
Financial assets at amortised cost		19,848	32,517
Unrealised (losses)/gains on financial assets at FVTPL		( 41,223)	53,071
Realised gains/(losses) on financial assets at FVTPL		76,474	(117,654)
Foreign exchange gains		<u>124,205</u>	<u>111,298</u>
<b>Total revenue</b>		<u>332,672</u>	<u>256,835</u>
<b>Expenses</b>			
Management fees	4,14(d)	36,254	50,221
Other expenses	5	<u>22,905</u>	<u>19,807</u>
<b>Total operating expenses</b>		<u>59,159</u>	<u>70,028</u>
<b>Profit for the year, being increase in net assets     attributable to holders of redeemable units</b>		<u>273,513</u>	<u>186,807</u>

The accompanying notes on pages 8 to 30 form an integral part of the financial statements.

# **SCOTIA PREMIUM US DOLLAR INDEXED FUND**

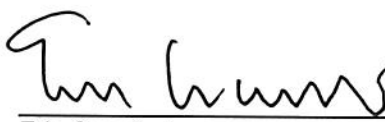
## **Statement of Financial Position**


**October 31, 2025**

*(expressed in thousands of Jamaican dollars unless otherwise stated)*

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>			
Cash and cash equivalents	6	38,317	68,270
Financial assets at fair value through profit or loss	7(a)	2,739,314	3,017,411
Financial assets at amortised cost	7(b)	270,580	104,312
Accounts receivable		9,074	1,515
Due from Fund Manager	8	<u>83</u>	<u>-</u>
<b>Total assets</b>		<b><u>3,057,368</u></b>	<b><u>3,191,508</u></b>
<b>LIABILITIES</b>			
Other payables		<u>13,294</u>	<u>9,788</u>
<b>Net assets attributable to holders of redeemable units</b>	9	<b><u>3,044,074</u></b>	<b><u>3,181,720</u></b>

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

The accompanying notes on pages 8 to 30 form an integral part of the financial statements.

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Statement of Changes in Net Assets Attributable to Holders of Redeemable Units  
Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)*

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b>Balance at the beginning of the year</b>		3,181,720	3,608,054
Profit for the year, being increase in net assets attributable to holders of redeemable units		<u>273,513</u>	<u>186,807</u>
		<u>3,455,233</u>	<u>3,794,861</u>
Contributions and redemptions by holders of redeemable units:			
Issue of units during the year	9	207,944	125,972
Reinvestments	9	49,276	111,158
Redemption of units during the year	9	( 577,664)	( 690,513)
Distributions	9	( 90,715)	( 159,758)
<b>Redemptions by holders of redeemable units, net</b>		<u>( 411,159)</u>	<u>( 613,141)</u>
<b>Balance at the end of the year</b>		<u>3,044,074</u>	<u>3,181,720</u>

The accompanying notes on pages 8 to 30 form an integral part of the financial statements.

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Statement of Cash Flows****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)*

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>			
Profit for the year		273,513	186,807
Adjustments for:			
Unrealised losses/(gains) on financial assets at FVTPL		41,223	( 53,071)
Interest income calculated using the effective interest method		(173,216)	(210,120)
		141,520	( 76,384)
<b>Changes in operating assets and liabilities</b>			
Financial assets at fair value through profit or loss		221,934	209,791
Financial assets at amortised cost		(167,278)	179,656
Accounts receivable		( 9,074)	( 1,421)
Due from Fund Manager		1,432	2,051
Other payables		3,506	( 45,132)
Proceeds from new units issued	9,13	207,944	125,972
Payments for units encashed	9,13	(577,664)	(690,513)
Proceeds from income reinvested	9	49,276	111,158
Income distribution	9	( 90,715)	(159,758)
		(219,119)	(344,580)
Interest received		<u>189,166</u>	<u>219,924</u>
Net cash used in operating activities, being net decrease in cash and cash equivalents		( 29,953)	(124,656)
Cash and cash equivalents at beginning of the year		<u>68,270</u>	<u>192,926</u>
<b>Cash and cash equivalents at end of the year</b>		<u>38,317</u>	<u>68,270</u>

The accompanying notes on pages 8 to 30 form an integral part of the financial statements.



## **SCOTIA PREMIUM US DOLLAR INDEXED FUND**

### **Notes to the Financial Statements**

**Year ended October 31, 2025**

*(expressed in thousands of Jamaican dollars unless otherwise stated)*

#### **1. The Scotia Premium US Dollar Indexed Fund**

The Scotia Premium US Dollar Indexed Fund ("the 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 3rd Floor, Scotiabank Centre Building, Corner Duke & Port Royal Street, Kingston, Jamaica, W.I.

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

The Fund is a United States Dollar indexed fixed-income portfolio denominated in Jamaican Dollars. The investment objective of this portfolio is to maximize total Jamaican Dollar return to unit holders by primarily investing in a diversified mix of United States Dollar denominated fixed income instruments. The Fund commenced operations on January 15, 2016.

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 that became effective during the year**

Certain new IFRS and interpretations of and amendments to existing standards came into effect for the current financial year. These did not result in any significant change in accounting policies and did not have any material effect on the amounts and disclosures in the financial statements.

###### **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 US DOLLAR INDEXED FUND**

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

**Year ended October 31, 2025**

*(expressed in thousands of Jamaican 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 US DOLLAR INDEXED FUND**

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

**Year ended October 31, 2025**

*(expressed in thousands of Jamaican 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 Jamaican Dollars, which is the Fund's functional currency. Except where indicated to be otherwise, financial information presented in Jamaican Dollars rounded to the nearest thousand.

##### **(b) Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Jamaican 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 in Jamaican Dollars at the exchange rate at the date that fair value is calculated.

Transactions in foreign currencies are translated in Jamaican 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.

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 US DOLLAR INDEXED FUND**

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

**Year ended October 31, 2025**

*(expressed in thousands of Jamaican 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 of whether contractual cash flow 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 US DOLLAR INDEXED FUND**

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

**Year ended October 31, 2025**

*(expressed in thousands of Jamaican 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*

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.

###### *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 of any difference between the amount recognised and the maturity amount using the effective interest method, minus any reduction for impairment.

###### **(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 derecognised. 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.

## **SCOTIA PREMIUM US DOLLAR INDEXED FUND**

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

**Year ended October 31, 2025**

*(expressed in thousands of Jamaican dollars unless otherwise stated)*

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

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

###### **(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.

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 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 in the period following the date on which the change occurred.

## **SCOTIA PREMIUM US DOLLAR INDEXED FUND**

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

**Year ended October 31, 2025**

*(expressed in thousands of Jamaican dollars unless otherwise stated)*

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

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

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

If the market for a financial instrument is not active, the Fund establishes fair value using pricing models or discounted cash flow techniques or a generally accepted alternative method. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date and incorporate all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments

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

The Fund recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to 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.

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.

###### **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).

###### *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 in its entirety or a portion thereof.

## **SCOTIA PREMIUM US DOLLAR INDEXED FUND**

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

**Year ended October 31, 2025**

*(expressed in thousands of Jamaican dollars unless otherwise stated)*

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

##### **(f) Resale agreements**

A resale agreement ("reverse repo") is a short-term transaction in which 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**

Trade and other receivables are 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.

#### **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 is 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.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of default and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 2(e)(vii) and 10(a), which also sets out key sensitivities of the ECL to changes in these elements.



**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)***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 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 2.00% for Class A units (2024: 2.00%), and Nil for Class I units (2023: Nil). As a result of the expense ratio cap, total operating expenses reimbursed by the Manager for the year ending October 31, 2025 was \$14,763 (2024: \$10,172). 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	5,906	3,081
Transfer agent fees	4,504	4,088
Trustee fees	2,207	2,520
Administration and accounting fees	<u>10,288</u>	<u>10,118</u>
	<u>22,905</u>	<u>19,807</u>

**6. Cash and cash equivalents**

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

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)***7. Investments****(a) Financial assets at fair value through profit or loss**

	<u>2025</u>	<u>2024</u>
<b>Government and Bank of Jamaica Securities:</b>		
6.750% US Global Bond 2028	200,092	160,372
6.050% United Mexican States SR Unsecured 2040	121,040	113,034
3.125% Republic of Chile SR Unsecured 2026	103,666	-
4.500% Trinidad & Tobago SR Unsecured 2026	95,075	46,335
8.500% Purchase of Bank of Jamaica 2026	88,855	-
4.750% Government of Bermuda Unsecured 2029	85,684	-
8.750% Republic of Peru Unsecured Note 2033	79,734	-
5.000% Government of Bermuda SR Unsecured 2032	67,398	-
3.875% Republic of Panama SR Unsecured 2028	64,930	61,352
6.000% Bank of Jamaica USD Index Bond 2026	64,256	-
3.240% Republic of Chile Unsecured Note 2028	60,583	-
2.450% Republic of Chile SR Unsecured 2031	60,050	15,141
6.400% Trinidad & Tobago SR Unsecured 2034	58,397	-
7.500% United Mexican States SR Unsecured 2033	55,239	52,601
4.500% Trinidad & Tobago SR Unsecured 2030	54,908	-
7.375% Republic of Colombia SR Unsecured 2037	50,168	45,303
5.875% Trinidad & Tobago Unsecured Note 2027	47,972	-
2.375% Government of Bermuda SR Unsecured 2030	45,864	-
5.675% FR Benchmark Investments Notes 2029	41,297	-
3.250% Republic of Colombia SR Unsecured 2032	41,039	36,617
0.000% Treasury Bill 2026	39,810	-
7.125% Republic of Panama SR Unsecured 2026	39,410	39,473
5.950% Trinidad & Tobago SR Unsecured 2031	32,758	-
3.240% Republic of Chile SR Unsecured 2029	24,597	-
3.362% Panama Bonos DEL SR Unsecured 2031	21,451	19,263
4.750% Bank of Jamaica 2026	18,390	17,841
3.100% Republic of Chile SR Unsecured 2041	14,603	13,834
6.000% Bank of Jamaica USD Index 2026	9,156	72,398
5.375% Republic of Peru SR Unsecured 2035	8,071	-
8.500% US Global Bond 2036	6,738	6,675
10.000% Jamaican Bond 2028	6,730	6,853
6.750% United Mexican States SR Unsecured 2034	3,869	3,618
0.000% Treasury Bill 2025	3,203	-
10.000% Jamaican Bond 2037	2,467	-
3.717% Bermuda SR Unsecured USD Bond 2027	2,063	1,991
7.625% US Global Bond 2025	-	130,467
3.875% Republic of Colombia SR Unsecured 2027	-	128,674
3.125% Republic of Chile SR Unsecured 2025	-	126,919
7.350% Republic of Peru SR Unsecured 2025	-	126,321
4.750% Bermuda SR Unsecured USD Bond 2029	-	82,194
8.500% Bank of Jamaica Certificate of Deposit 2026	-	79,985
8.750% Republic of Peru SR Unsecured 2033	-	76,205
9.250% US Global Bond 2025	-	51,929
5.875% Trinidad & Tobago SR Unsecured 2027	-	47,193
6.75% Bank of Jamaica USD Certificate of Deposit 2029	-	40,978
3.240% Republic of Chile SR Unsecured 2028	-	27,921
5.000% Bermuda SR Unsecured USD Bond 2032	-	22,372
8.500% Bank of Jamaica 2026	-	10,355
10.000% FR Benchmark Investments Notes 2037	-	2,312
	<u>1,719,563</u>	<u>1,666,526</u>
Accrued interest	19,996	20,005
Balance carried forward to page 18	<u>1,739,559</u>	<u>1,686,531</u>

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)***7. Investments (continued)****(a) Financial assets at fair value through profit or loss (continued)**

	<u>2025</u>	<u>2024</u>
Balance brought forward from page 17	1,739,559	1,686,531
<b>Corporate Bonds:</b>		
5.300% Sagicor Financial Co Company GUAR Unsecured 2028	180,935	-
5.250% Global Bank Corporation SR Unsecured 2029 VAR	126,543	-
6.250% JMMB Term Deposit	79,000	-
9.300% Ford Holdings LLC 2030	77,320	121,725
5.875 Bank of America Corporation SR Unsecured 2042	76,279	-
11.500% JMMB Bond 2029	75,675	75,591
11.750% JMMB Bond 2027	50,690	50,772
6.650% JMMB Term Deposit 2026	50,000	-
4.431 Morgan Stanley SR Unsecured 2030 VAR	48,424	-
4.571 Bank of America Corporation SR Unsecured 2033 VAR	32,841	-
2.700% General Motors Financial INC SR Unsecured 2031	30,336	-
6.000% CIBC Caribbean Bank Term Deposits 2026	27,000	-
10.000% JMMB Bond 2027	25,085	-
6.100% General Motors Financial Co INC SR Unsecured 2034	24,587	-
5.950% General Motors Financial Co INC SR Unsecured 2034	22,485	-
5.650 CIBC Caribbean Bank Term Deposits 2026	20,000	-
5.950 CIBC Caribbean Bank Term Deposits 2026	10,000	-
9.500% SFC Bond 2026	9,982	-
7.750% JNFM 2026	9,837	9,663
6.250% GraceKennedy Limited Note 2028	4,939	-
7.500% JMMB Bond 2027	3,232	-
9.375% NTL Road Operation & Construction USD Secured Regs 2024	-	238,952
5.300% Sagicor Financial Company Regs 2028	-	175,930
5.125% Ford Motor Credit Co LLC SR Unsecured 2025	-	89,340
9.250% JMMB Term Deposit	-	88,132
5.250% Global Bank Corporation SR Unsecured Bond 2029	-	83,294
8.500% NCBFG 2025	-	79,124
8.500% NCBFG Bond 2025	-	39,562
5.250% Global Bank Corp SR Unsecured 144A Bond 2029	-	37,861
11.400% JMMB Bond 2024	-	24,973
6.100% General Motors Financial Co SR 2034	-	23,575
5.250% Trinidad Generation Unlimited SR Unsecured 144a Bond 2027	-	23,044
5.950% General Motors Financial Co SR 2034	-	21,624
11.750% Access Financial Services Ltd 2025	-	19,970
5.250% Trinidad Generation Unlimited SR Unsecured Bond 2027	-	19,203
7.650% JMMB Term Deposit	-	18,500
10.750% NCBFG Bond 2025	-	15,000
10.750% SFC Bond 2025	-	10,000
7.000% JMMB Term Deposit	-	10,000
10.000% FCIB Bank Term Deposit 2023	-	8,984
9.000% JMMB Term Deposit	-	8,562
6.250% GK LTD 2028	-	4,823
8.300% JMMB Bond 2024	-	3,180
	-	-
	985,190	1,301,384
Accrued interest	14,565	29,496
	999,755	1,330,880
Total	<u>2,739,314</u>	<u>3,017,411</u>

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)*7. Investments (continued)(b) Financial assets at amortised cost

	<u>2025</u>	<u>2024</u>
Resale agreements	268,469	101,191
Accrued interest	<u>2,111</u>	<u>3,121</u>
	<u>270,580</u>	<u>104,312</u>

The fair value of underlying securities used to collateralize resale agreements is \$535,739 (2024: \$106,145)

8. Due from Fund Manager

This 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.

9. Redeemable units

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

The objective of the Fund is to maximize total Jamaican Dollar return to unit holders by primarily investing in a diversified mix of United States Dollar denominated fixed income instruments. The fund invests in a wide range of securities, including US dollar denominated Government of Jamaica (GOJ) local and externally issued bonds, Bank of Jamaica (BOJ) securities, corporate bonds and Non-Jamaican sovereign bonds.

	<u>2025</u>	<u>2024</u>
Increase in net assets attributable to holders of redeemable units	273,513	186,807
Proceeds from new units issued	207,944	125,972
Proceeds from reinvestments	<u>49,276</u>	<u>111,158</u>
Total inflows	530,733	423,937
Units distributions during the year	( 90,715)	( 159,758)
Units encashed and repaid during the year	<u>( 577,664)</u>	<u>( 690,513)</u>
Net withdrawals for the year	( 137,646)	( 426,334)
Balance at beginning of the year	<u>3,181,720</u>	<u>3,608,054</u>
Balance at end of the year	<u>3,044,074</u>	<u>3,181,720</u>

	<u>Number of units</u>	
Class A	<u>2025</u>	<u>2024</u>
Redeemable units:		
Opening balance	24,899,600	28,404,759
Issued during the year	1,560,868	981,404
Reinvested during the year	378,652	871,572
Redeemed during the year	<u>( 4,477,058)</u>	<u>( 5,358,135)</u>
Balance as at October 31	<u>22,362,062</u>	<u>24,899,600</u>

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025*****(expressed in thousands of Jamaican dollars unless otherwise stated)*****9. Redeemable units (continued)**

Class I	<u>2025</u>	<u>2024</u>
Redeemable units:		
Opening balance	11,719	11,237
Reinvested during the year	<u>358</u>	<u>482</u>
Balance as at October 31	<u>12,077</u>	<u>11,719</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.

**10. Financial risk management**

The Fund's activities expose it to a variety of financial risks involving 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 investment management 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.

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)*10. Financial risk management (continued)

Financial instrument risks (continued):

**(a) Credit risk**

Credit risk, which is the risk that a counterparty will cause a financial loss for the Fund by failing to discharge its obligation, is the most important risk for the Fund's business. 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. The Scotia Group rating scale shown below reflects the range of default probabilities defined for each rating class.

<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;
- Due from Fund Manager; 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.

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)*10. Financial risk management (continued)**(a) Credit risk (continued)****(i) Credit risk measurement (continued)****Investment securities and resale agreements (continued)**

At October 31, 2025, the Fund invested in Government of Jamaica securities with a credit grade of BB (2024: BB-) based on Standard 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 and resale agreements has been measured on a 12-month expected loss basis and receivables on a lifetime ECL basis. The Fund considers that these exposures have low credit risk based on the external credit ratings and credit performance of the counterparties.

The Fund Manager monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published ratings, the Fund Manager reviews changes in bond yields, where available.

**(b) Market risk**

The Fund has 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 exposure 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 the 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.

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)*10. Financial risk management (continued)**(b) Market risk (continued)****(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 is exposed 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						<u>Total</u>
	<u>Immediately rate sensitive</u>	<u>Within 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Non-rate sensitive</u>	
Cash and cash equivalents	18,315	20,002	-	-	-	-	38,317
Financial assets at fair value through profit or loss	-	187,710	469,746	1,260,904	820,954	-	2,739,314
Financial assets at amortised cost	-	116,135	154,445	-	-	-	270,580
Accounts receivable Due from Fund Manager	-	-	-	-	-	9,074	9,074
	-	-	-	-	-	83	83
<b>Total assets</b>	<b>18,315</b>	<b>323,847</b>	<b>624,191</b>	<b>1,260,904</b>	<b>820,954</b>	<b>9,157</b>	<b>3,057,368</b>
Other payables	-	-	-	-	-	13,294	13,294
Capital account	-	-	-	-	-	3,044,074	3,044,074
<b>Total liability and capital account</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,057,368</b>	<b>3,057,368</b>
<b>Total interest rate sensitivity gap</b>	<b>18,315</b>	<b>323,847</b>	<b>624,191</b>	<b>1,260,904</b>	<b>820,954</b>	<b>(3,048,211)</b>	<b>-</b>
<b>Cumulative gap</b>	<b>18,315</b>	<b>342,162</b>	<b>966,353</b>	<b>2,227,257</b>	<b>3,048,211</b>	<b>-</b>	<b>-</b>

	2024						<u>Total</u>
	<u>Immediately rate sensitive</u>	<u>Within 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Non-rate sensitive</u>	
Cash and cash equivalents	6,606	61,664	-	-	-	-	68,270
Financial assets at fair value through profit or loss	-	279,062	834,407	1,321,367	582,575	-	3,017,411
Financial assets at amortised cost	-	41,848	62,464	-	-	-	104,312
Due from Fund Manager	-	-	-	-	-	1,515	1,515
<b>Total assets</b>	<b>6,606</b>	<b>382,574</b>	<b>896,871</b>	<b>1,321,367</b>	<b>582,575</b>	<b>1,515</b>	<b>3,191,508</b>
Other payable	-	-	-	-	-	9,788	9,788
Capital account	-	-	-	-	-	3,181,720	3,181,720
<b>Total liability and capital account</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,191,508</b>	<b>3,191,508</b>
<b>Total interest rate sensitivity gap</b>	<b>6,606</b>	<b>382,574</b>	<b>896,871</b>	<b>1,321,367</b>	<b>582,575</b>	<b>(3,189,993)</b>	<b>-</b>
<b>Cumulative gap</b>	<b>6,606</b>	<b>389,180</b>	<b>1,286,051</b>	<b>2,607,418</b>	<b>3,189,993</b>	<b>-</b>	<b>-</b>



**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)*10. Financial risk management (continued)**(b) Market risk (continued)**(i) Interest rate risk (continued):

The average interest rates of financial instruments are as follows:

	2025					
	<u>Immediately</u> <u>rate sensitive</u> %	<u>Within 3</u> <u>months</u> %	<u>3 to 12</u> <u>months</u> %	<u>1 to 5</u> <u>years</u> %	<u>Over</u> <u>5 years</u> %	<u>Average</u> %
Cash and cash equivalents	1.70	-	-	-	-	1.70
Financial assets at fair value through profit or loss	-	3.26	6.38	6.18	5.73	5.39
Financial assets at amortised cost	<u>-</u>	<u>4.86</u>	<u>4.45</u>	<u>-</u>	<u>-</u>	<u>4.65</u>
	2024					
	<u>Immediately</u> <u>rate sensitive</u> %	<u>Within 3</u> <u>months</u> %	<u>3 to 12</u> <u>months</u> %	<u>1 to 5</u> <u>years</u> %	<u>Over</u> <u>5 years</u> %	<u>Average</u> %
Cash and cash equivalents	7.68	-	-	-	-	7.68
Financial assets at fair value through profit or loss	-	9.69	7.23	6.44	6.56	7.48
Financial assets at amortised cost	<u>-</u>	<u>5.50</u>	<u>6.50</u>	<u>-</u>	<u>-</u>	<u>6.00</u>

Cash flow 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 by \$3 (2024: \$2). A decrease of 100 (2024: 100) basis points in interest rates at the reporting date would have decreased the net assets attributable to holders of redeemable units and profit by \$13 (2024: \$8).

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 in interest rates for 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</u> <u>assets attributable to holders of</u> <u>redeemable units</u>	
	<u>2025</u>	<u>2024</u>
USD interest rates +25bps/25bps	(21,506)	(17,961)
-50bps/100bps	<u>44,304</u>	<u>75,598</u>
JMD interest rates +25bps/25bps	( 1,352)	( 1,820)
-100bps/100bps	<u>5,522</u>	<u>7,456</u>

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)*10. Financial risk management (continued)**(b) Market risk (continued)**

## (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 Jamaican Dollar. The main currency giving rise to this risk is the United States Dollar (US\$). The Fund ensures that the net exposure is kept within limits established by the Fund Manager.

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

	2025		
	JM\$	US\$	Total
Financial assets			
Cash and cash equivalents	37,424	893	38,317
Investments	576,041	2,433,853	3,009,894
Accounts receivable	9,074	-	9,074
Due from Fund Manager	<u>83</u>	<u>-</u>	<u>83</u>
Total financial assets	622,622	2,434,746	3,057,368
Financial liability			
Other payables	( <u>13,294</u> )	<u>-</u>	( <u>13,294</u> )
Net financial assets	<u>609,328</u>	<u>2,434,746</u>	<u>3,044,074</u>

	2024		
	JM\$	US\$	Total
Financial assets			
Cash	61,699	6,571	68,270
Investments	502,954	2,618,769	3,121,723
Due from Fund Manager	<u>1,515</u>	<u>-</u>	<u>1,515</u>
Total financial assets	566,168	2,625,340	3,191,508
Financial liability			
Other payables	( <u>9,788</u> )	<u>-</u>	( <u>9,788</u> )
Net financial assets	<u>556,380</u>	<u>2,625,340</u>	<u>3,181,720</u>

**Sensitivity Analysis**

The following significant exchange rates were applied during the year:

	<u>Average rate for the period</u>		<u>Reporting date spot rate</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
US\$1	<u>158.6430</u>	<u>156.1220</u>	<u>160.5000</u>	<u>158.3700</u>

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)*10. Financial risk management (continued)**(b) Market risk (continued)**

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

**Sensitivity analysis (continued)**

Changes in the J\$ against the US\$ at October 31, would have increased/(decreased) on 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%)	85,216	105,014
US\$ decrease by 1% (2024: 1%)	<u>(24,347)</u>	<u>( 26,253)</u>

**(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.

**(d) Capital risk management**

The redeemable shares issued by the Fund provide an investor with the right to 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 9 for description of the redeemable shares issued by the Fund.

The Fund objectives when managing the redeemable shares are to maintain a strong base to maximize 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 year.

## **SCOTIA PREMIUM US DOLLAR INDEXED FUND**

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

**Year ended October 31, 2025**

*(expressed in thousands of Jamaican dollars unless otherwise stated)*

#### **11. 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, fair value is 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 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 observable inputs have a significant effect on the instrument 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.

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. This assumption is applied to liquid assets and the short-term elements of all other financial assets and liabilities; and
- (iii) the fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)***11. Fair value of financial instruments (continued)**

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.

	<b>2025</b>					
	<b>Carrying amount</b>			<b>Fair value</b>		
	At 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>-</u>	<u>2,739,314</u>	<u>2,739,314</u>	<u>2,739,314</u>	<u>-</u>	<u>2,739,314</u>
<b>Financial assets not measured at fair value:</b>						
Cash and cash equivalents	38,317	-	38,317	-	38,317	38,317
Financial assets at amortised cost	270,580	-	270,580	-	270,580	270,580
Accounts receivable	9,074	-	9,074	-	9,074	9,074
Due from Fund Manager	<u>83</u>	<u>-</u>	<u>83</u>	<u>-</u>	<u>83</u>	<u>83</u>
	<u>318,054</u>	<u>-</u>	<u>318,054</u>	<u>-</u>	<u>318,054</u>	<u>318,054</u>
<b>Financial liabilities not measured at fair value:</b>						
Other payables	<u>13,294</u>	<u>-</u>	<u>13,294</u>	<u>-</u>	<u>13,294</u>	<u>13,294</u>
<b>2024</b>						
	<b>Carrying amount</b>			<b>Fair value</b>		
	At 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>-</u>	<u>3,017,411</u>	<u>3,017,411</u>	<u>3,017,411</u>	<u>-</u>	<u>3,017,411</u>
<b>Financial assets not measured at fair value:</b>						
Cash and cash equivalents	68,270	-	68,270	68,270	-	68,270
Financial assets at amortised cost	104,312	-	104,312	104,312	-	104,312
Due from Fund Manager	<u>1,515</u>	<u>-</u>	<u>1,515</u>	<u>1,515</u>	<u>-</u>	<u>1,515</u>
	<u>174,097</u>	<u>-</u>	<u>174,097</u>	<u>174,097</u>	<u>-</u>	<u>174,097</u>
<b>Financial liabilities not measured at fair value:</b>						
Other payables	<u>9,788</u>	<u>-</u>	<u>9,788</u>	<u>9,788</u>	<u>-</u>	<u>9,788</u>

There were no transfers between level 1 and 2 in 2024 and 2025.

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)***12. Unit prices/yield**

- (a) The number of units at October 31, 2025 was 22,374,139 (2024: 24,911,319).
- (b) The yield of the fund for the year ended October 31, 2025 was 9.85% (2024: 7.37%).
- (c) The price per unit as at October 31, 2025 was:

Class A - Buying/selling \$136.06 (2024: \$127.72)

Class I - Buying/selling \$131.76 (2024: \$123.20)

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.

**13. Statement of transactions**

	<u>2025</u>	<u>2024</u>
Proceeds of sale	207,944	125,972
Less: Amount paid over to trustee	(207,944)	(125,972)
	<u>NIL</u>	<u>NIL</u>
Encashment of units by clients	(577,664)	(690,513)
Payment by trustee	577,664	690,513
	<u>NIL</u>	<u>NIL</u>

**14. 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 subsidiaries of the Fund Manager and companies under common control with the Fund Manager.

- (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	83	1,515
Fund Manager and companies under common control with the Fund Manager:		
Cash – The Bank of Nova Scotia Jamaica Limited	18,315	(6,606)
Other payables:		
Scotia Investments Jamaica Limited	( 3,832)	(4,071)

**SCOTIA PREMIUM US DOLLAR INDEXED FUND****Notes to the Financial Statements (Continued)****Year ended October 31, 2025***(expressed in thousands of Jamaican dollars unless otherwise stated)***14. Related party balances and transactions (continued)**

- (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>
Scotia Investments Jamaica Limited	<u>36,254</u>	<u>50,221</u>

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

	<u>2025</u>	<u>2024</u>
Key management personnel of Fund Manager	4,139	4,136
Scotia Investments Jamaica Limited	<u>55,895</u>	<u>52,446</u>

**15. 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.

**16. 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.