

AFFIRM – Scotia Jamaica Insurance Company Money Market Fund (SJLIC MMF)

September 30, 2016

Quick Facts:

Date of inception	March 17, 2014
Net asset value (NAV)	\$63.97 M
Management fee	1.50%
Unit Value as at September 2016	\$111.6833
Net Compound Annual Growth Rate of Return Since Inception (SI)	4.45%
Inflation - Since Inception (CAGR)	3.6%

Fund Description

The SJLIC MMF (the “Fund”) is offered only in connection with the Affirm Universal Life Insurance Policy (“Affirm Policy”) offered by Scotia Jamaica Life Insurance Company Limited (“SJLIC”). Certain conditions apply; please see the Affirm Policy Provisions for further details. Premiums paid by an Affirm Policy Owner to SJLIC may be invested in the Fund, based on the investment suitability of the Fund for the particular Policy Owner. Where applicable, Policy Owners may hold a fraction of a unit of the Fund, calculated to eight decimal places. The policy may only be sold to a Jamaican resident.

Investment Objective

The objective of the Fund is to earn a return consistent with the objective of preserving capital and providing liquidity. To achieve this, the Fund invests exclusively in units of the Scotia Premium Money Market Fund (“SPMMF” or “Underlying Fund”), a separate open-ended unit trust scheme established under the laws of Jamaica, and managed by Scotia Asset Management (Jamaica) Limited (“SAMJ”), a wholly owned subsidiary of Scotia Investments Jamaica Limited (“SIJL”) and related party to SJLIC.

The SPMMF is a fixed income portfolio denominated in Jamaican dollars and invests primarily in Jamaican dollar investments including but not limited to: Government of Jamaica bonds, and other government debt obligations, such as Bank of Jamaica debt obligations, money market instruments, short term corporate bonds and corporate debt obligations, Jamaican dollar deposits with licensed financial institutions, securitized mortgages and other securitized debt instruments, other short term debt instruments, unit trusts, including unit trust schemes managed by related parties and money market mutual funds listed on any recognized stock exchange.

Fund Performance

The year to date net return as at September 2016 was 3.64%. This resulted in a real return of 2.84% for the 9 months as the inflation out-turn for the period was 0.8%. The favourable fund performance was influenced by the gains to the value of the USD assets due to the 6.52% JMD depreciation and the movement in USD dollar bond prices during the period.

Fund Administrator

The Fund is administered by SJLIC.

Portfolio Manager

Portfolio management services will be provided to the Fund by SIJL. SIJL receives a fee from SJLIC for the services it provides to the Fund; investors do not pay this fee directly. In buying and selling investments for the Underlying Fund, SAMJ may use one or more related parties to execute portfolio transactions; costs associated with such transactions will be charged to the Underlying Fund.

Fees and Expenses

• Fees

The costs payable by Policy Owners to SJLIC for investing in the Fund include a monthly management fee of 1.50% of assets under management and a \$250 fixed monthly fee per policy as an administration cost. Other charges related to the cost of insurance withdrawals from the Affirm Policy, surrender of the Affirm Policy and transfers of investments between the investments funds eligible under the Affirm Policy, will apply. Please see the Policy Provisions and the Policy Schedule for further details.

Taxation

• Income Tax

Income generated by the Underlying Fund’s portfolio and accruing to Policy Owners will be reinvested in additional units of the Underlying Fund. Interest payments may be subject to withholding tax of 25%. Section 5 of the Income Tax Act makes provision for the withholding of tax when certain payments are made by residents to other Jamaican residents and to non-residents, including for those Policy Owners who hold withholding tax exemption certificates. It shall be the responsibility of such Policy Owners to claim directly on the relevant tax authorities in Jamaica for a refund of applicable withholding taxes.

Valuation of Units in the Funds

The Net Asset Value (NAV) of the Fund is calculated daily in accordance with accounting standards used in Jamaica. The NAV represents the fair value of all assets less all liabilities of the Fund. Each Unit in the Fund is valued using the Net Asset Value per Unit. The Net Asset Value per Unit (NAVPU) is calculated by taking the NAV on the Fund and dividing it by the number of Units outstanding or deemed to be outstanding.

SJLIC MMF Net Compound Annual Growth Rate of Return
September 2016



Risk Factors Associated With Investing in the Fund

Below are some of the risk factors which may be associated with investing in the Fund:

- **General Market Risk** – the Fund is exposed to general trends and tendencies in the markets through its investment in the Underlying Fund. These trends are based on various external and often uncontrollable factors and may result in potential volatility in value.
- **Credit Risk** – the price of the securities and money market instruments directly or indirectly held by the Underlying Fund is dependent on factors specific to the issuers. There may be unforeseen credit events related to an issuer that may result in the decline in the value of the securities or the securities becoming worthless.
- **Default Risk** – the risk that the issuer of a security, including governments, held by the Underlying Fund may default on its debt obligations. This could result in the value of the securities held by the Underlying Fund becoming economically worthless.
- **Liquidity Risk** – the risk that arises from the difficulty of selling an asset. An investment may sometimes need to be sold quickly. Unfortunately, an inactive secondary market may prevent the liquidation or limit the funds that can be generated from the asset. If an asset is not liquid, a market for its sale may not exist at the time sale of the same is required.
- **Inflation Risk** – the risk that assets will lose value because of a decrease in the value of money. Inflation can reduce the purchasing power of gains and or interest income earned on an investment in the Underlying Fund.
- **Key Personnel Risk** – the success of the Underlying Fund which performs positively over a certain period of time is partly due to the aptitude of management and investment decision-making team. Nonetheless, the unit trust management team may change, which may have an adverse effect on the unit trust's performance.
- **Solvency Risk** – the risk that the financial position of SJLIC could deteriorate, resulting in it being unable to satisfy its obligations under the policy.

Important Information

Investments in this Fund are not guaranteed. The value of your investment may go up or down and past performance of the Underlying Fund may not be repeated. Before you invest in any fund, you should consider how it would work with your other investments and your tolerance for risk, and consult with your advisor.

SJIL, its shareholders, its subsidiaries (including SAMJ), any of their directors, officers, employees, agents and affiliates may be involved in other financial, investment or other professional activities which may, on occasion, cause conflicts of interest with the Fund and the Underlying Fund. These include management of other funds, purchases and sales of securities, investment and management advisory services, brokerage services, and, serving as directors, officers, advisers, or agents of other funds or other companies. In particular, it is envisaged that SJIL may be involved in advising other investment funds or individual clients which may have similar or overlapping investment objectives to or with the Fund and the Underlying Fund. Where a conflict arises, SJIL will exercise its best efforts to ensure that it is resolved fairly.

Information on the underlying fund can be obtained upon a formal request to SJLIC.

Contact us

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