

SCOTIA US DOLLAR BOND FUND
(formerly Scotiabank US Dollar Bond Fund)

UNAUDITED FINANCIAL STATEMENTS

QUARTER ENDED DECEMBER 31, 2019

SCOTIA US DOLLAR BOND FUND
(formerly Scotiabank US Dollar Bond Fund)

INDEX TO UNAUDITED FINANCIAL STATEMENTS

QUARTER ENDED DECEMBER 31, 2019

CONTENTS

	PAGE
UNAUDITED STATEMENT OF FINANCIAL POSITION	1
UNAUDITED STATEMENT OF COMPREHENSIVE (LOSS) INCOME	2
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS	3
UNAUDITED STATEMENT OF CASH FLOWS	4
UNAUDITED NOTES TO FINANCIAL STATEMENTS	5

SCOTIA US DOLLAR BOND FUND
(formerly Scotiabank US Dollar Bond Fund)

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2019

(expressed in United States dollars)

	<u>31-Dec-19</u>	<u>30-Sep-19</u>	<u>31-Dec-18</u>
ASSETS			
Cash and cash equivalents	\$ 1,758,588	\$ 183,645	\$ 923,205
Financial assets at fair value through profit or loss (Cost: \$59,400,745 (September 2019: \$47,524,272; December 2018: \$43,963,629))	59,363,704	49,607,279	43,593,411
Receivable from Manager	1,016	16,749	157
Subscriptions receivable	496	2,879	496
Interest receivable	-	310,601	255,305
	<hr/>	<hr/>	<hr/>
Total assets	61,123,804	50,121,153	44,772,574
LIABILITIES			
Accrued expenses	67,271	48,877	27,279
Management fee payable	30,155	43,786	41,631
Redemptions payable	10,000	-	11,500
Liabilities (excluding net assets attributable to holders of redeemable participating shares)	<hr/>	<hr/>	<hr/>
	107,426	92,663	80,410
Management shares	<hr/>	<hr/>	<hr/>
	1,000	1,000	1,000
Net assets attributable to holders of redeemable participating shares	<hr/> \$ 61,015,378	<hr/> \$ 50,027,490	<hr/> \$ 44,691,164
Net asset value per redeemable participating share			
Class A			
\$48,296,233/17,206,043 shares (September 2019: \$43,124,791/15,179,226 shares; December 2018: \$38,087,223/14,538,390 shares)	<hr/>	<hr/>	<hr/>
	2.81	2.84	2.62
Class NU			
\$1,557,534/585,393 shares (September 2019: \$1,770,007/656,436 shares; December 2018: \$1,911,373/765,867 shares)	<hr/>	<hr/>	<hr/>
	2.66	2.70	2.50
Class IU			
\$11,161,039/3,625,688 shares (September 2019: \$5,132,115/1,650,771 shares; December 2018: \$4,692,044/1,650,771 shares)	<hr/>	<hr/>	<hr/>
	3.08	3.11	2.84
Class IJ			
JMC75,767/558 shares (September 2019: JMC77,548/558 shares; December 2018: JMC66,860/558 shares)	<hr/>	<hr/>	<hr/>
	135.72	138.91	119.77

Approved for issuance on behalf of Scotia US Dollar Bond Fund's (formerly Scotiabank US Dollar Bond Fund)
Board of Directors by:

Farried Sulliman
Farried Sulliman
Director

Dwight Burrows
Dwight Burrows
Director

Date : February 11, 2020

SCOTIA US DOLLAR BOND FUND
(formerly Scotiabank US Dollar Bond Fund)

UNAUDITED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

QUARTER ENDED DECEMBER 31, 2019

(expressed in United States dollars)

	<u>31-Dec-19</u>	<u>30-Sep-19</u>	<u>31-Dec-18</u>
Income			
Interest income	\$ 93,786	\$ 327,971	\$ 376,788
Net realized gain (loss) financial assets at fair value through profit or loss	1,555,908	451,772	(631,015)
Net change in unrealized (depreciation) appreciation on financial assets at fair value through profit or loss	<u>(2,120,048)</u>	<u>404,056</u>	<u>878,751</u>
Total net (loss) income	<u>(470,354)</u>	<u>1,183,799</u>	<u>624,524</u>
Expenses			
Management fees	106,794	130,807	123,344
Custodian and administration fees	17,456	17,456	17,847
Other expenses	17,405	16,906	14,995
Professional fees	<u>7,278</u>	<u>7,277</u>	<u>10,855</u>
Total operating expenses	<u>148,933</u>	<u>172,446</u>	<u>167,041</u>
Less: expenses reimbursed	<u>(1,011)</u>	<u>(4,531)</u>	<u>(156)</u>
Net operating expenses	<u>147,922</u>	<u>167,915</u>	<u>166,885</u>
Operating (loss) gain	<u>(618,276)</u>	<u>1,015,884</u>	<u>457,639</u>
(Decrease) increase in net assets from operations attributable to holders of redeemable participating shares	<u>\$ (618,276)</u>	<u>\$ 1,015,884</u>	<u>\$ 457,639</u>

SCOTIA US DOLLAR BOND FUND
(formerly Scotiabank US Dollar Bond Fund)

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS

QUARTER ENDED DECEMBER 31, 2019

(expressed in United States dollars)

	<u>31-Dec-19</u>	<u>30-Sep-19</u>	<u>31-Dec-18</u>
Shareholders' Equity			
Share Capital	\$ 142,060	\$ 102,753	\$ 97,439
Share Premium	49,554,985	37,988,128	36,420,685
Retained Earnings	11,936,609	10,920,725	7,715,401
(Decrease) increase in net assets for the quarter	<u>(618,276)</u>	<u>1,015,884</u>	<u>457,639</u>
Net assets attributable to holders of redeemable participating shares	<u>\$ 61,015,378</u>	<u>\$ 50,027,490</u>	<u>\$ 44,691,164</u>

SCOTIA US DOLLAR BOND FUND
(formerly Scotiabank US Dollar Bond Fund)

UNAUDITED STATEMENT OF CASH FLOWS

QUARTER ENDED DECEMBER 31, 2019

(expressed in United States dollars)

	<u>31-Dec-19</u>	<u>30-Sep-19</u>	<u>31-Dec-18</u>
Cash flows from operating activities			
Interest received	\$ 395,669	\$ 313,755	\$ 458,820
Operating expenses paid	(143,159)	(135,762)	(173,347)
Reimbursements received from manager	15,733	(4,531)	(156)
Purchase of financial assets at fair value through profit or loss	(89,408,469)	(20,553,509)	(20,316,102)
Proceeds from sale and maturity of financial assets at fair value through profit or loss	<u>79,096,622</u>	<u>18,079,765</u>	<u>34,705,914</u>
Net cash (used in) provided by operating activities	<u>(10,043,604)</u>	<u>(2,300,282)</u>	<u>14,675,129</u>
Cash flows from financing activities			
Proceeds from subscriptions of redeemable participating shares	13,280,245	4,144,453	418,033
Payments for redemption of redeemable participating shares	<u>(1,661,698)</u>	<u>(1,789,921)</u>	<u>(15,424,763)</u>
Net cash provided by (used in) financing activities	<u>11,618,547</u>	<u>2,354,532</u>	<u>(15,006,730)</u>
Net change in cash and cash equivalents	1,574,943	54,250	(331,601)
Cash and cash equivalents at beginning of period	<u>183,645</u>	<u>129,395</u>	<u>1,254,806</u>
Cash and cash equivalents at end of period	<u>\$ 1,758,588</u>	<u>\$ 183,645</u>	<u>\$ 923,205</u>

SCOTIA US DOLLAR BOND FUND
(formerly Scotiabank US Dollar Bond Fund)

UNAUDITED NOTES TO FINANCIAL STATEMENTS

QUARTER ENDED DECEMBER 31, 2019

1. General

Scotia US Dollar Bond Fund (formerly Scotiabank US Dollar Bond Fund) (the "Company") was incorporated in the Cayman Islands on December 21, 1992 and registered under the Mutual Fund Law of the Cayman Islands. The Company is an open ended investment company which may issue and redeem its shares at a price based on the underlying net asset value. The registered office of the Fund is located at the offices of Scotiabank & Trust (Cayman) Ltd., 18 Forum Lane, Camana Bay, P.O. Box 501, Grand Cayman, KY1-1106. The Company has no employees.

2. Significant accounting policies

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Security transactions are accounted for on a trade date basis. Realized gains and losses on the sales of portfolio securities are calculated on an average cost basis. Interest is recorded on an accrual basis and dividend income is recognized on the ex-dividend date.

3. Foreign currency share classes

For the classes of shares denominated in currencies other than the functional currency of the Company, the Net Asset Values are calculated by converting the US dollar Net Asset Value per Share to the JMC equivalent using the then current rate of exchange. For the quarter ended December 31, 2019, the current rate of exchange is:

<u>Share Class</u>	<u>Currency</u>	<u>Functional Currency</u>	<u>Exchange Rate</u>
JMC		USD	132.532