

Scotia US Equity Fund

Quarterly fund highlights

As of March 31, 2025

Market Review

During the first quarter of 2025, U.S. equities declined by approximately 4.27%. The energy sector was the best performer, while consumer discretionary and information technology sectors struggled. In March, the U.S. Federal Reserve maintained its key borrowing rate in the 4.25% to 4.5% range while signaling expectations of a weaker economy in 2025 than previously anticipated. U.S. economic activity was notably sluggish. The GDP growth rate was just 0.3%, reflecting the impact of new tariffs and policy uncertainty. Consumer spending showed minimal growth, and inflation remained elevated at around 2.9%. Despite these challenges, the labor market continued to perform well, with the unemployment rate holding near historical lows.

Fund Performance* and Positioning

The Fund had a net return of -1.21% for one month and -0.25% for the three months ending March 31, 2025. Security selection in the Consumer Discretionary and Staples sectors, along with an underweight position in Information Technology, contributed positively to Fund performance. The primary detractor was security selection in the Materials sector. The securities that contributed most to quarterly Fund returns were W.R. Berkley, Concentrix, Elevance, and Nestlé. Notable individual securities that underperformed included Booz Allen Hamilton, Ross Stores, and Oracle. The Fund is actively managed with a core style and focuses on investing in companies with a history of regular dividend payments. It invests in high-quality, well-managed businesses with sustainable competitive advantages, strong balance sheets, and consistent excess cash flow.

The portfolio manager has a disciplined investment process that is based on fundamental analysis and a longer-term perspective to provide upside participation and downside protection compared to the Fund's benchmark.

Scotia Global Asset Management Core Global Equity Team

Portfolio Managers since February 16,
2024

1832 Asset Management L.P.



Dana Love,
MSc., CFA

Vice President &
Senior Portfolio
Manager
SGAM: 10 years
Industry: 26 years



Kevin Kaminski, MBA,
CFA

Portfolio Manager
SGAM: 9 years
Industry: 19 years

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Outlook

We anticipate a spike in inflation in the second quarter due to tariff shocks, followed by a return to moderation as the year progresses. Market expectations for Federal Reserve rate cuts in 2025 have increased, with investors now anticipating more cuts at a faster pace compared to the single cut expected at the start of the year. While our primary focus remains on proprietary research of business fundamentals and identifying best-in-class companies to compound unit-holder wealth, we remain vigilant regarding potential macroeconomic impacts on our current holdings. To maintain the integrity of our investment portfolios, we continuously monitor business fundamentals. Should there be any material changes in revenue growth, free cash flow (FCF) generation, return on invested capital, or competitive advantages of the underlying businesses, we will update our investment thesis and reassess our positions accordingly.

*As of March 31, 2025, performance returns for the Scotia US Equity Fund are as follows: 1 month: -1.21%, 3 Mos: -0.25%, 6 Mos: -6.45%, YTD: -0.25%, 1 Yr: -2.63%, 3 Yrs: 3.17%, 5 Yrs: 10.76%, 10 Yrs: 7.01%, and since inception (10/27/1999): 3.51%. Performance returns for the S&P 500 Total Return USD benchmark are as follows: 1 month -5.63%, 3 Mos: -4.27%, 6 Mos: -1.97%, YTD: -4.27%, 1 Yr: 8.25%, 3 Yrs: 9.06%, 5 Yrs: 18.59%, 10 Yrs: 12.50%.

Legal disclaimer

Important information concerning the investment goals, risks, charges and expenses of investing in the mutual funds contained in the Portfolio are contained in the relevant prospectus. Investors should carefully consider these before investing. Copies are available from the financial institution where you are buying the portfolio and should be read carefully before investing. Commissions, management fees and expenses all may be associated with investing in mutual funds. Mutual funds are not guaranteed or covered by your local deposit insurance corporation, other government deposit insurer, the Bank of Nova Scotia, or its subsidiaries/affiliates. Their values change frequently, including the amount of income that you may receive (where applicable), and you may not get back the original amount you invested. Information on performance provided herein is subject to variation and is likely to change over time. Past performance may not be repeated and should not be treated as an indicator of future performance. The indicated rates of return are the historical annual compound total returns including changes in share value and reinvestment of all distributions and do not take into account sales charges or fees, redemptions, distributions or optional charges or income taxes payable by any security holder that would have reduced returns. The foregoing is for informational purposes only and is subject to change without notice. Always consult your professional tax and legal advisors with respect to your particular circumstances. Nothing herein is intended to constitute an offer or solicitation to transact business for products or services in any jurisdiction where such an offer or solicitation would be unlawful. This does not constitute an invitation to purchase or sell shares of the funds. Scotia Funds (formerly Scotiabank Mutual Funds) is the brand name under which the Scotiabank Group of Companies, including Scotiabank & Trust (Cayman) Ltd. and Scotia Investments Jamaica Limited, markets and distributes mutual funds. Scotia Global Asset Management is a business name used by the following legal entities of Scotiabank: Scotia Fondos S.A. de CV Sociedad Operadora de Sociedades de Inversión, Scotia Administradora General de Fondos Chile S.A., Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A, Fiduciaria Colpatría S.A., Scotiabank & Trust (Cayman) Ltd., Scotia Investments Jamaica Ltd, Scotia Investments Trinidad and Tobago Limited ("SITTL"), Scotia Sociedad de Fondos de Inversión, S.A, and 1832 Asset Management L.P., a limited partnership, the general partner of which is wholly owned by Scotiabank. Scotia Global Asset Management offers a range of wealth management solutions, including mutual funds, and investment solutions for private clients, institutional clients and managed asset programs. Net asset value information of the Scotia Funds can be found on Bloomberg, in the Equities section, and on the Cayman Islands Stock Exchange (CSX), website www.csx.ky under "Scotiabank". Scotia Funds are regulated by the Cayman Islands Monetary Authority. TM Trademark of the Bank of Nova Scotia, used under license.