

Scotia Sustainable Emerging Markets Equity Fund

Quarterly fund highlights

As at June 30, 2023

Top 10 Equity Holdings (%)

As at June 30, 2023

Samsung	7.0
TSMC	6.5
HDFC Bank	5.5
Tencent	5.1
Infosys	4.3
Axis Bank	3.9
BDO Unibank	3.4
Airtac International	3.0
LG Energy Solution	2.7
Weg SA	2.6

Sector Allocation (%)

As at June 30, 2023

Financials	26.0
Information Technology	24.9
Consumer Discretionary	15.9
Consumer Staples	9.9
Communications	8.9
Industrials	8.8
Health Care	3.8
Utilities	1.0
Real Estate	0.7
Energy	0.0
Materials	0.0

Geographic Allocation (%)

As at June 30, 2023

China	30.0
India	14.7
Taiwan	13.6
South Korea	10.8
Mexico	5.9

Equity Holdings

As at June 30, 2023

Fund	41
MSCI EM Equity Index	1,271

Q2 2023 Update

The Scotia Sustainable Emerging Markets Equity Fund (-1.0%) underperformed the MSCI Emerging Markets Net Index (0.9%) in the second quarter.

The Index's best-performing sectors were Energy (+12.5%), Financials (+5.8%), and Information Technology (+5.3%). The portfolio performed particularly well in Financials and Utilities (+4.5%), while the main detractors were Communication Services (-7.7%), Consumer Discretionary (-6.2%), and Health Care (-2.4%).

Key contributors for the portfolio this quarter were XP (+97%) and Nubank (+66%):

XP shares rebounded sharply in Q2 from depressed levels as sentiment in Brazil improved on optimism that moderating inflation will prompt a loosening of extremely restrictive monetary policy in the coming months.

Nubank posted strong share performance in Q2, driven by improving sentiment in Brazil and the company's outstanding operating results. Nubank's profitability has inflected over the last several quarters as the company has continued to grow at a remarkable clip while demonstrating increasingly tight cost control and driving its funding costs lower.

The quarter's detractors included Glodon (-42%), Sea Ltd (-33%) and WuXi Biologics (-23%):

During the quarter, we trimmed positions in Ping An, Bid Corp and HDFC Bank to manage position sizes and country exposures. We exited our position in LG H&H.

We continue to focus on higher-quality companies with strong fundamentals and sustainable business models. These companies typically have superior growth rates, high returns on invested capital and strong balance sheets. The portfolio's positioning emphasizes long-term secular growth end markets and limits exposure to countries with questionable fundamentals.

*As of June 30, 2023, performance returns for the Scotia Sustainable Emerging Markets Fund are as follows: 1 month: 4.2%, 3 Mos: -1.0%, 1Yr: 4.8%, and since inception (05/17/2017): -12.3%. Performance returns for the MSCI Emerging Markets Equity benchmark are as follows: 1 month: 3.8%, 3 Mos: 0.9%, YTD: 4.0%, 1Yr: 1.8% and since inception (05/17/2017): -10.5%.

Scotia Sustainable Emerging Markets Equity Fund

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