

SCOTIABANK SHORT-TERM INCOME FUND INC.

UNAUDITED FINANCIAL STATEMENTS

QUARTER ENDED JUNE 30, 2019

SCOTIABANK SHORT-TERM INCOME FUND INC.

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QUARTER ENDED JUNE 30, 2019

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SCOTIABANK SHORT-TERM INCOME FUND INC.

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2019

(expressed in United States dollars)

	<u>30-Jun-19</u>	<u>31-Mar-19</u>	<u>30-Jun-18</u>
ASSETS			
Cash and cash equivalents	\$ 914,731	\$ 195,958	\$ 462,786
Financial assets at fair value through profit or loss:			
Debt securities (Cost: \$1,444,298 (March 2019: \$4,877,397 June 2018: \$8,167,984))	1,478,421	4,870,370	8,068,277
Derivatives	309	33,476	172,305
Receivable from Manager	66,528	31,785	56,701
Interest receivable	16,811	60,152	94,992
	<hr/>	<hr/>	<hr/>
Total assets	2,476,800	5,191,741	8,855,061
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Financial liabilities at fair value through profit or loss:			
Derivatives	24,441	16,952	5,728
Accrued expenses	11,152	37,464	26,342
Interest payable	7,784	15,748	36,419
Management fee payable	1,262	3,817	3,569
	<hr/>	<hr/>	<hr/>
Liabilities (excluding net assets attributable to holders of redeemable investment shares)	44,639	73,981	72,058
	<hr/>	<hr/>	<hr/>
Governance shares	100	100	100
	<hr/>	<hr/>	<hr/>
Net assets attributable to holders of redeemable investment shares	\$ <u>2,432,061</u>	\$ <u>5,117,660</u>	\$ <u>8,782,903</u>
Net asset value per redeemable investment shares			
Class A			
\$1,068,819/110,741 shares (March 2019: \$3,750,794/388,392 shares; June 2018: \$3,443,058/358,298 shares)	\$ <u>9.65</u>	\$ <u>9.66</u>	\$ <u>9.61</u>
Class NU			
\$280,154/29,485 shares (March 2019: \$289,374/30,424 shares; June 2018: \$427,002/45,042 shares)	\$ <u>9.50</u>	\$ <u>9.51</u>	\$ <u>9.48</u>
Class IU			
\$1,083,088/107,653 shares (March 2019: \$1,077,492/107,332 shares; June 2018: \$4,912,843/495,408 shares)	\$ <u>10.06</u>	\$ <u>10.04</u>	\$ <u>9.92</u>

Approved for issuance on behalf of Scotiabank Short-Term Income Fund Inc.'s Board of Directors by:

Rhory McNamara
Rhory McNamara
Director

Dwight Burrows
Dwight Burrows
Director

Date : August 14, 2019

SCOTIABANK SHORT-TERM INCOME FUND INC.

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

QUARTER ENDED JUNE 30, 2019

(expressed in United States dollars)

	<u>30-Jun-19</u>	<u>31-Mar-19</u>	<u>30-Jun-18</u>
Income			
Interest income	\$ 15,540	\$ 39,280	\$ 63,731
Other income	-	3,459	-
Net realized income (loss) gain on financial assets and liabilities at fair through profit or loss, foreign currencies and swap contracts	(5,781)	26,108	80,228
Net change in unrealized appreciation (depreciation) on financial assets and liabilities at fair value through profit or loss, foreign currencies and swap contracts	<u>9,646</u>	<u>33,768</u>	<u>(83,771)</u>
Total investment gain	<u>19,405</u>	<u>102,615</u>	<u>60,188</u>
Expenses			
Custodian and administration fees	20,564	20,278	20,446
Other expenses	10,293	10,063	9,960
Professional fees	6,986	6,825	5,571
Management fees	<u>4,744</u>	<u>11,142</u>	<u>10,561</u>
Total operating expenses	<u>42,587</u>	<u>48,308</u>	<u>46,538</u>
Less: expenses reimbursed	<u>(34,742)</u>	<u>(31,719)</u>	<u>(26,694)</u>
Operating gain	<u>11,560</u>	<u>86,026</u>	<u>40,344</u>
Finance costs			
Distributions to holders of redeemable shares	<u>7,429</u>	<u>15,821</u>	<u>26,685</u>
Gain after distributions	<u>4,131</u>	<u>70,205</u>	<u>13,659</u>
Increase in net assets from operations attributable to holders of redeemable investment shares	\$ <u><u>4,131</u></u>	\$ <u><u>70,205</u></u>	\$ <u><u>13,659</u></u>

SCOTIABANK SHORT-TERM INCOME FUND INC.

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS

QUARTER ENDED JUNE 30, 2019

(expressed in United States dollars)

	<u>30-Jun-19</u>	<u>31-Mar-19</u>	<u>30-Jun-18</u>
Shareholders' Equity			
Share Capital	\$ 2,479	\$ 5,261	\$ 8,987
Share Premium	2,772,795	5,459,743	9,166,255
Retained Earnings	(347,344)	(417,549)	(405,998)
Increase in net assets for the period	<u>4,131</u>	<u>70,205</u>	<u>13,659</u>
Net assets attributable to holders of redeemable participating shares	<u>\$ 2,432,061</u>	<u>\$ 5,117,660</u>	<u>\$ 8,782,903</u>

SCOTIABANK SHORT-TERM INCOME FUND INC.

UNAUDITED STATEMENT OF CASH FLOWS

QUARTER ENDED JUNE 30, 2019

(expressed in United States dollars)

Cash flows from operating activities	<u>30-Jun-19</u>	<u>31-Mar-19</u>	<u>30-Jun-18</u>
Interest received	\$ 59,060	\$ 39,299	\$ 45,912
Other income received	-	3,459	-
Interest paid	(7,964)	(11,167)	3,102
Operating expenses paid	(71,454)	(43,755)	(40,268)
Reimbursements received from Manager	-	32,742	-
Purchase of financial assets and settlement of financial liabilities at fair value through profit or loss	(516,380)	(788,021)	(500,071)
Proceeds from sale of financial assets and financial liabilities at fair value through profit or loss	3,936,178	598,963	619,156
Net realized gain on foreign currencies	7,339	-	-
Net change in unrealized depreciation on foreign currencies	(31,503)	29,007	123,365
Net change in unrealized depreciation on derivatives	40,656	-	-
	<u>3,415,932</u>	<u>(139,473)</u>	<u>251,196</u>
Net cash provided by (used in) operating activities			
	<u>3,415,932</u>	<u>(139,473)</u>	<u>251,196</u>
Cash flows from financing activities			
Distributions paid	(447)	(467)	(547)
Proceeds from subscriptions of redeemable investment shares	10,677	12,337	281,189
Payments for redemption of redeemable investment shares	(2,707,389)	(99,312)	(123,324)
	<u>(2,697,159)</u>	<u>(87,442)</u>	<u>157,318</u>
Net cash (used in) provided by financing activities			
	<u>(2,697,159)</u>	<u>(87,442)</u>	<u>157,318</u>
Net change in cash and cash equivalents	718,773	(226,915)	408,514
Cash and cash equivalents at beginning of the period	<u>195,958</u>	<u>422,873</u>	<u>54,272</u>
Cash and cash equivalents at end of the period	<u>\$ 914,731</u>	<u>\$ 195,958</u>	<u>\$ 462,786</u>
Supplemental cash flow disclosures:			
Non-cash - reinvested distributions	<u>\$ 6,982</u>	<u>\$ 15,354</u>	<u>\$ 26,138</u>

SCOTIABANK SHORT-TERM INCOME FUND INC.

UNAUDITED NOTES TO FINANCIAL STATEMENTS

QUARTER ENDED JUNE 30, 2019

1. General

Scotiabank Short-Term Income Fund Inc. (the "Fund") was incorporated under the laws of St. Lucia on February 27, 2014. On April 22, 2016, the Fund was transferred by way of continuation to the Cayman Islands pursuant to the laws of that jurisdiction and is now validly existing in the Cayman Islands as an exempted company. The Fund is registered as an administered mutual fund under the Mutual Funds Law of the Cayman Islands. 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.

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.