

SCOTIABANK US DOLLAR BOND FUND

UNAUDITED FINANCIAL STATEMENTS

QUARTER ENDED JUNE 30, 2019

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INDEX TO UNAUDITED FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2019

CONTENTS

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

SCOTIABANK US DOLLAR BOND FUND
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	\$ 129,395	\$ 1,515,322	\$ 764,946
Financial assets at fair value through profit or loss (Amortized cost: \$44,538,411 (March 2019: \$43,265,738; June 2018: \$65,275,405))	46,217,362	43,967,633	64,154,897
Receivables for investments sold	391,436	-	-
Interest receivable	322,293	310,682	559,309
Subscriptions receivable	60,333	496	496
Receivable from Manager	<u>12,218</u>	<u>6,482</u>	<u>-</u>
Total assets	<u>47,133,037</u>	<u>45,800,615</u>	<u>65,479,648</u>
LIABILITIES			
Payable for investments purchased	356,999	-	-
Management fee payable	41,528	41,898	45,773
Accrued expenses	18,982	30,483	25,321
Redemptions payable	<u>2,808</u>	<u>-</u>	<u>-</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)	<u>420,317</u>	<u>72,381</u>	<u>71,094</u>
Management shares	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Net assets attributable to holders of redeemable participating shares	<u>\$ 46,711,720</u>	<u>\$ 45,727,234</u>	<u>\$ 65,407,554</u>
Net asset value per redeemable participating share			
Class A \$39,822,683/14,316,764 shares (March 2019: \$38,914,425/14,422,302 shares; June 2018: \$43,783,806/16,860,346 shares)	<u>\$ 2.78</u>	<u>\$ 2.70</u>	<u>\$ 2.60</u>
Class NU \$1,878,469/710,667 shares (March 2019: \$1,966,180/765,867 shares; June 2018: \$1,825,363/736,000 shares)	<u>\$ 2.64</u>	<u>\$ 2.57</u>	<u>\$ 2.48</u>
Class IU \$5,010,007/1,650,771 shares (March 2019: \$4,846,087/1,650,771 shares; June 2018: \$19,797,869/7,069,260 shares)	<u>\$ 3.04</u>	<u>\$ 2.94</u>	<u>\$ 2.80</u>
Class IJ JMC73,385/558 shares (March 2019: JMC68,442/558 shares; June 2018: JMC67,025/558 shares)	JMC <u>131.46</u>	JMC <u>122.60</u>	JMC <u>120.07</u>

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

Farried Sulliman
Farried Sulliman
Director

Dwight Burrows
Dwight Burrows

Date : August 14, 2019

SCOTIABANK US DOLLAR BOND FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

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	\$ 337,405	\$ 344,766	\$ 407,640
Other income	8,671	16,765	-
Net realized gain (loss) financial assets at fair value through profit or loss	243,944	63,041	(662,834)
Net change in unrealized appreciation on financial assets at fair value through profit or loss	<u>977,056</u>	<u>1,072,113</u>	<u>121,309</u>
Total net income (loss)	<u>1,567,076</u>	<u>1,496,685</u>	<u>(133,885)</u>
Expenses			
Management fees	124,554	121,353	140,591
Custodian and administration fees	17,266	17,064	17,525
Other expenses	16,723	16,853	16,708
Professional fees	<u>7,198</u>	<u>7,125</u>	<u>5,778</u>
Total operating expenses	<u>165,741</u>	<u>162,395</u>	<u>180,602</u>
Less: expenses reimbursed	<u>(5,736)</u>	<u>(6,324)</u>	<u>-</u>
Net operating expenses	<u>160,005</u>	<u>156,071</u>	<u>180,602</u>
Operating gain (loss)	<u>1,407,071</u>	<u>1,340,614</u>	<u>(314,487)</u>
Increase (decrease) in net assets from operations attributable to holders of redeemable participating shares	<u>\$ 1,407,071</u>	<u>\$ 1,340,614</u>	<u>\$ (314,487)</u>

SCOTIABANK US DOLLAR BOND FUND

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	\$ 94,671	\$ 96,278	\$ 174,545
Share Premium	35,696,324	36,117,302	57,371,521
Retained Earnings	9,513,654	8,173,040	8,175,975
Increase (decrease) in net assets for the quarter	<u>1,407,071</u>	<u>1,340,614</u>	<u>(314,487)</u>
Net assets attributable to holders of redeemable participating shares	<u>\$ 46,711,720</u>	<u>\$ 45,727,234</u>	<u>\$ 65,407,554</u>

SCOTIABANK US DOLLAR BOND FUND
UNAUDITED STATEMENT OF CASH FLOWS
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>
Cash flows from operating activities			
Interest received	\$ 286,187	\$ 248,791	\$ 265,222
Other income received	8,671	16,765	-
Operating expenses paid	(171,876)	(152,600)	(177,663)
Reimbursements received from manager	(5,736)	(6,324)	-
Purchase of financial assets at fair value through profit or loss	(19,110,667)	(24,328,775)	(40,037,302)
Proceeds from sale and maturity of financial assets at fair value through profit or loss	18,087,108	25,130,304	35,430,837
	<u>(906,313)</u>	<u>908,161</u>	<u>(4,518,906)</u>
Net cash (used in) provided by operating activities			
Cash flows from financing activities			
Proceeds from subscriptions of redeemable participating shares	430,917	574,285	969,998
Payments for redemption of redeemable participating shares	(910,531)	(890,329)	(2,591,373)
	<u>(479,614)</u>	<u>(316,044)</u>	<u>(1,621,375)</u>
Net cash used in financing activities			
Net change in cash and cash equivalents	(1,385,927)	592,117	(6,140,281)
Cash and cash equivalents at beginning of period	<u>1,515,322</u>	<u>923,205</u>	<u>6,905,227</u>
Cash and cash equivalents at end of period	<u>\$ 129,395</u>	<u>\$ 1,515,322</u>	<u>\$ 764,946</u>

SCOTIABANK US DOLLAR BOND FUND

UNAUDITED NOTES TO FINANCIAL STATEMENTS

QUARTER ENDED JUNE 30, 2019

1. General

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 June 30, 2019, the current rate of exchange is:

<u>Share Class</u>	<u>Currency</u>	<u>Functional Currency</u>	<u>Exchange Rate</u>
JMC		USD	130.537