

**SCOTIABANK US DOLLAR BOND FUND**

**UNAUDITED FINANCIAL STATEMENTS**

**QUARTER ENDED MARCH 31, 2018**

**SCOTIABANK US DOLLAR BOND FUND**  
**INDEX TO UNAUDITED FINANCIAL STATEMENTS**  
**QUARTER ENDED MARCH 31, 2018**

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**SCOTIABANK US DOLLAR BOND FUND**

**UNAUDITED STATEMENT OF FINANCIAL POSITION**

**AS OF MARCH 31, 2018**

**(expressed in United States dollars)**

	<u>31-Mar-18</u>	<u>31-Dec-17</u>	<u>31-Mar-17</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,905,227	\$ 750,884	\$ 278,950
Financial assets at fair value through profit or loss (Amortized cost: \$66,910,711 (December 2017: \$67,933,000; March 2017: \$73,141,941))	65,668,894	67,932,777	72,621,920
Receivables for investments sold	440,507	-	-
Interest receivable	392,223	598,572	407,000
Subscriptions receivable	<u>6,946</u>	<u>496</u>	<u>6,671</u>
 Total assets	 <u>73,413,797</u>	 <u>69,282,729</u>	 <u>73,314,541</u>
<b>LIABILITIES</b>			
Payable for investments purchased	5,994,775	-	-
Management fee payable	49,454	51,495	52,699
Accrued expenses	18,701	39,256	50,197
Redemptions payable	<u>7,244</u>	<u>8,035</u>	<u>31,602</u>
 Liabilities (excluding net assets attributable to holders of redeemable participating shares)	 <u>6,070,174</u>	 <u>98,786</u>	 <u>134,498</u>
 Management shares	 <u>1,000</u>	 <u>1,000</u>	 <u>1,000</u>
 <b>Net assets attributable to holders of redeemable participating shares</b>	 <b>\$ <u>67,342,623</u></b>	 <b>\$ <u>69,182,943</u></b>	 <b>\$ <u>73,179,043</u></b>
 Net asset value per redeemable participating share			
Class A \$45,956,841/17,600,240 shares (December 2017: \$47,647,119/17,894,742 shares; March 2017: \$48,567,567/18,488,217 shares)	\$ <u>2.61</u>	\$ <u>2.66</u>	\$ <u>2.63</u>
Class NU \$2,046,582/819,656 shares (December 2017: \$2,176,684/853,852 shares; March 2017: \$2,468,370/977,739 shares)	\$ <u>2.50</u>	\$ <u>2.55</u>	\$ <u>2.52</u>
Class IU \$19,338,682/6,888,059 shares (December 2017: \$19,358,615/6,781,875 shares; March 2017: \$22,142,592/7,933,940 shares)	\$ <u>2.81</u>	\$ <u>2.85</u>	\$ <u>2.79</u>
Class IJ JMC65,069/558 shares (December 2017: JMC65,448/558 shares; March 2017: JMC65,783/558 shares)	JMC <u>116.56</u>	JMC <u>121.48</u>	JMC <u>117.84</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  
Director

Date : \_\_\_\_\_

**SCOTIABANK US DOLLAR BOND FUND**

**UNAUDITED STATEMENT OF COMPREHENSIVE (LOSS) INCOME**

**QUARTER ENDED MARCH 31, 2018**

**(expressed in United States dollars)**

	<u>31-Mar-18</u>	<u>31-Dec-17</u>	<u>31-Mar-17</u>
<b>Income</b>			
Interest income	\$ 377,654	\$ 374,532	\$ 236,163
Net realized (loss) gain on financial assets at fair value through profit or loss	(234,391)	14,084	(553,421)
Net change in unrealized (depreciation) appreciation on financial assets at fair value through profit or loss	<u>(1,241,594)</u>	<u>(101,455)</u>	<u>817,030</u>
Total net (loss) income	<u>(1,098,331)</u>	<u>287,161</u>	<u>499,772</u>
<b>Expenses</b>			
Management fees	145,545	152,340	155,057
Custodian and administration fees	17,459	16,839	16,285
Other expenses	16,937	17,339	17,154
Professional fees	<u>5,714</u>	<u>6,349</u>	<u>5,546</u>
Total operating expenses	<u>185,655</u>	<u>192,867</u>	<u>194,042</u>
<b>Operating (loss) gain</b>	<u>(1,283,986)</u>	<u>287,161</u>	<u>305,730</u>
<b>(Decrease) increase in net assets from operations attributable to holders of redeemable participating shares</b>	<u>\$ (1,283,986)</u>	<u>\$ 287,161</u>	<u>\$ 305,730</u>

**SCOTIABANK US DOLLAR BOND FUND**

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS**

**QUARTER ENDED MARCH 31, 2018**

**(expressed in United States dollars)**

	<u>31-Mar-18</u>	<u>31-Dec-17</u>	<u>31-Mar-17</u>
<b>Shareholders' Equity</b>			
Share Capital	\$ 180,969	\$ 183,194	\$ 201,888
Share Premium	58,985,679	59,539,788	64,629,485
Retained Earnings	9,459,961	9,365,667	8,041,940
(Decrease) increase in net assets for the quarter	<u>(1,283,986)</u>	<u>94,294</u>	<u>305,730</u>
Net assets attributable to holders of redeemable participating shares	<u>\$ 67,342,623</u>	<u>\$ 69,182,943</u>	<u>\$ 73,179,043</u>

**SCOTIABANK US DOLLAR BOND FUND**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**QUARTER ENDED MARCH 31, 2018**  
**(expressed in United States dollars)**

	<u>31-Mar-18</u>	<u>31-Dec-17</u>	<u>31-Mar-17</u>
<b>Cash flows from operating activities</b>			
Interest received	\$ 639,539	\$ 276,015	\$ 634,408
Operating expenses paid	(208,251)	(191,034)	(219,078)
Purchase of financial assets at fair value through profit or loss	(18,215,837)	(9,342,807)	(25,143,009)
Proceeds from sale and maturity of financial assets at fair value through profit or loss	<u>24,502,468</u>	<u>9,404,971</u>	<u>26,157,116</u>
Net cash provided by operating activities	<u>6,717,919</u>	<u>147,145</u>	<u>1,429,437</u>
<b>Cash flows from financing activities</b>			
Proceeds from subscriptions of redeemable participating shares	1,450,035	2,365,432	1,221,925
Payments for redemption of redeemable participating shares	<u>(2,013,611)</u>	<u>(1,853,824)</u>	<u>(2,601,332)</u>
Net cash (used in) provided by financing activities	<u>(563,576)</u>	<u>511,608</u>	<u>(1,379,407)</u>
<b>Net change in cash and cash equivalents</b>	6,154,343	658,753	50,030
<b>Cash and cash equivalents at beginning of period</b>	<u>750,884</u>	<u>92,131</u>	<u>228,920</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 6,905,227</u>	<u>\$ 750,884</u>	<u>\$ 278,950</u>

**SCOTIABANK US DOLLAR BOND FUND**  
**UNAUDITED NOTES TO FINANCIAL STATEMENTS**  
**QUARTER ENDED MARCH 31, 2018**

**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 address of the registered office is Scotia Centre, 6 Cardinal Avenue, P.O. Box 501, Grand Cayman KY1-1106. The Company has no employees.

**2. Significant accounting policies**

These statements are prepared using the International Accounting Standards. 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.