

SCOTIABANK US DOLLAR BOND FUND

UNAUDITED FINANCIAL STATEMENTS

QUARTER ENDED JUNE 30, 2018

SCOTIABANK US DOLLAR BOND FUND
INDEX TO UNAUDITED FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 2018

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SCOTIABANK US DOLLAR BOND FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2018

(expressed in United States dollars)

	<u>30-Jun-18</u>	<u>31-Mar-18</u>	<u>30-Jun-17</u>
ASSETS			
Cash and cash equivalents	\$ 764,946	\$ 6,905,227	\$ 1,147,125
Financial assets at fair value through profit or loss (Amortized cost: \$65,275,405 (March 2018: \$66,910,711; June 2017: \$67,841,299))	64,154,897	65,668,894	67,885,069
Interest receivable	559,309	392,223	307,029
Subscriptions receivable	496	6,946	496
Receivables for investments sold	-	440,507	-
	<hr/>	<hr/>	<hr/>
Total assets	65,479,648	73,413,797	69,339,719
LIABILITIES			
Management fee payable	45,773	49,454	51,220
Accrued expenses	25,321	18,701	30,549
Payable for investments purchased	-	5,994,775	-
Redemptions payable	-	7,244	158,557
	<hr/>	<hr/>	<hr/>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)	71,094	6,070,174	240,326
Management shares	1,000	1,000	1,000
	<hr/>	<hr/>	<hr/>
Net assets attributable to holders of redeemable participating shares	\$ 65,407,554	\$ 67,342,623	\$ 69,098,393
Net asset value per redeemable participating share			
Class A \$43,783,806/16,860,346 shares (March 2018: 45,956,841/17,600,240 shares; June 2017: \$48,330,646/18,203,775 shares)	\$ <u>2.60</u>	\$ <u>2.61</u>	\$ <u>2.66</u>
Class NU \$1,825,363/736,000 shares (March 2018: \$2,046,582/819,656 shares; June 2017: \$2,225,778/873,424 shares)	\$ <u>2.48</u>	\$ <u>2.50</u>	\$ <u>2.55</u>
Class IU \$19,797,869/7,069,260 shares (March 2018: \$19,338,682/6,888,059 shares; June 2017: \$18,541,449/6,553,848 shares)	\$ <u>2.80</u>	\$ <u>2.81</u>	\$ <u>2.83</u>
Class IJ JMC67,025/558 shares (March 2018: JMC65,069/558 shares; June 2017: JMC66,834/558 shares)	JMC <u>120.07</u>	JMC <u>116.56</u>	JMC <u>119.72</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 : August 3, 2018

SCOTIABANK US DOLLAR BOND FUND

UNAUDITED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

QUARTER ENDED JUNE 30, 2018

(expressed in United States dollars)

	<u>30-Jun-18</u>	<u>31-Mar-18</u>	<u>30-Jun-17</u>
Income			
Interest income	\$ 407,640	\$ 377,654	\$ 357,308
Net realized (loss) gain on financial assets at fair value through profit or loss	(662,834)	(234,391)	77,985
Net change in unrealized appreciation (depreciation) on financial assets at fair value through profit or loss	<u>121,309</u>	<u>(1,241,594)</u>	<u>563,791</u>
Total net (loss) income	<u>(133,885)</u>	<u>(1,098,331)</u>	<u>999,084</u>
Expenses			
Management fees	140,591	145,545	155,154
Custodian and administration fees	17,525	17,459	17,952
Other expenses	16,708	16,937	16,600
Professional fees	<u>5,778</u>	<u>5,714</u>	<u>5,611</u>
Total operating expenses	<u>180,602</u>	<u>185,655</u>	<u>195,317</u>
Operating (loss) gain	<u>(314,487)</u>	<u>(1,283,986)</u>	<u>803,767</u>
(Decrease) increase in net assets from operations attributable to holders of redeemable participating shares	<u>\$ (314,487)</u>	<u>\$ (1,283,986)</u>	<u>\$ 803,767</u>

SCOTIABANK US DOLLAR BOND FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS

QUARTER ENDED JUNE 30, 2018

(expressed in United States dollars)

	<u>30-Jun-18</u>	<u>31-Mar-18</u>	<u>30-Jun-17</u>
Shareholders' Equity			
Share Capital	\$ 174,545	\$ 180,969	\$ 184,199
Share Premium	57,371,521	58,985,679	59,762,757
Retained Earnings	8,175,975	9,459,961	8,347,670
(Decrease) increase in net assets for the quarter	<u>(314,487)</u>	<u>(1,283,986)</u>	<u>803,767</u>
Net assets attributable to holders of redeemable participating shares	<u>\$ 65,407,554</u>	<u>\$ 67,342,623</u>	<u>\$ 69,098,393</u>

SCOTIABANK US DOLLAR BOND FUND
UNAUDITED STATEMENT OF CASH FLOWS
QUARTER ENDED JUNE 30, 2018
(expressed in United States dollars)

	<u>30-Jun-18</u>	<u>31-Mar-18</u>	<u>30-Jun-17</u>
Cash flows from operating activities			
Interest received	\$ 265,222	\$ 639,539	\$ 515,124
Operating expenses paid	(177,663)	(208,251)	(197,849)
Purchase of financial assets at fair value through profit or loss	(40,037,302)	(18,215,837)	(6,372,461)
Proceeds from sale and maturity of financial assets at fair value through profit or loss	<u>35,430,837</u>	<u>24,502,468</u>	<u>11,693,242</u>
Net cash (used in) provided by operating activities	<u>(4,518,906)</u>	<u>6,717,919</u>	<u>5,638,056</u>
Cash flows from financing activities			
Proceeds from subscriptions of redeemable participating shares	969,998	1,450,035	1,394,294
Payments for redemption of redeemable participating shares	<u>(2,591,373)</u>	<u>(2,013,611)</u>	<u>(6,164,175)</u>
Net cash used in financing activities	<u>(1,621,375)</u>	<u>(563,576)</u>	<u>(4,769,881)</u>
Net change in cash and cash equivalents	(6,140,281)	6,154,343	868,175
Cash and cash equivalents at beginning of period	<u>6,905,227</u>	<u>750,884</u>	<u>278,950</u>
Cash and cash equivalents at end of period	<u>\$ 764,946</u>	<u>\$ 6,905,227</u>	<u>\$ 1,147,125</u>

SCOTIABANK US DOLLAR BOND FUND
UNAUDITED NOTES TO FINANCIAL STATEMENTS
QUARTER ENDED JUNE 30, 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.