

SCOTIABANK US DOLLAR BOND FUND
UNAUDITED FINANCIAL STATEMENTS
QUARTER ENDED SEPTEMBER 30, 2018

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INDEX TO UNAUDITED FINANCIAL STATEMENTS
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SCOTIABANK US DOLLAR BOND FUND
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2018
(expressed in United States dollars)

	<u>30-Sep-18</u>	<u>30-Jun-18</u>	<u>30-Sep-17</u>
ASSETS			
Cash and cash equivalents	\$ 1,254,806	\$ 764,946	\$ 92,131
Financial assets at fair value through profit or loss (Amortized cost: \$58,942,962 (June 2018: \$65,275,405; September 2017: \$68,047,005))	57,693,993	64,154,897	68,148,237
Interest receivable	378,831	559,309	434,131
Subscriptions receivable	<u>9,455</u>	<u>496</u>	<u>1,732</u>
 Total assets	 <u>59,337,085</u>	 <u>65,479,648</u>	 <u>68,676,231</u>
LIABILITIES			
Management fee payable	40,709	45,773	49,616
Accrued expenses	34,663	25,321	39,302
Redemptions payable	<u>3,168</u>	<u>-</u>	<u>36,000</u>
 Liabilities (excluding net assets attributable to holders of redeemable participating shares)	 <u>78,540</u>	 <u>71,094</u>	 <u>124,918</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>59,257,545</u>	 \$ <u>65,407,554</u>	 \$ <u>68,550,313</u>
 Net asset value per redeemable participating share			
Class A			
\$38,643,391/14,938,013 shares (June 2018: \$43,783,806/16,860,346 shares; September 2017: \$47,309,438/17,778,895 shares)	<u>\$ 2.59</u>	<u>\$ 2.60</u>	<u>\$ 2.66</u>
Class NU			
\$1,929,478/781,955 shares (June 2018: \$1,825,363/736,000 shares; September 2017: \$2,202,804/863,544 shares)	<u>\$ 2.47</u>	<u>\$ 2.48</u>	<u>\$ 2.55</u>
Class IU			
\$18,684,158/6,676,983 shares (June 2018: \$19,797,869/7,069,260 shares; September 2017: \$19,037,547/6,693,732 shares)	<u>\$ 2.80</u>	<u>\$ 2.80</u>	<u>\$ 2.84</u>
Class IJ			
JMC69,582/558 shares (June 2018: JMC67,025/558 shares; September 2017: JMC67,819/558 shares)	<u>JMC 124.64</u>	<u>JMC 120.07</u>	<u>JMC 121.48</u>

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

Faried Sulliman
Faried Sulliman
Director

Dwight Burrows
Dwight Burrows
Director

Date : November 5, 2018

SCOTIABANK US DOLLAR BOND FUND

UNAUDITED STATEMENT OF COMPREHENSIVE (LOSS) INCOME

QUARTER ENDED SEPTEMBER 30, 2018

(expressed in United States dollars)

	<u>30-Sep-18</u>	<u>30-Jun-18</u>	<u>30-Sep-17</u>
Income			
Interest income	\$ 422,640	\$ 407,640	\$ 366,182
Net realized loss financial assets at fair value through profit or loss	(265,148)	(662,834)	(14,759)
Net change in unrealized (depreciation) appreciation on financial assets at fair value through profit or loss	<u>(128,461)</u>	<u>121,309</u>	<u>57,462</u>
Total net income (loss)	<u>29,031</u>	<u>(133,885)</u>	<u>408,885</u>
Expenses			
Management fees	134,118	140,591	154,049
Custodian and administration fees	17,847	17,525	18,150
Other expenses	17,312	16,708	16,785
Professional fees	<u>5,841</u>	<u>5,778</u>	<u>5,671</u>
Total operating expenses	<u>175,118</u>	<u>180,602</u>	<u>194,655</u>
Operating (loss) gain	<u>(146,087)</u>	<u>(314,487)</u>	<u>214,230</u>
(Decrease) increase in net assets from operations attributable to holders of redeemable participating shares	<u>\$ (146,087)</u>	<u>\$ (314,487)</u>	<u>\$ 214,230</u>

SCOTIABANK US DOLLAR BOND FUND
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS
QUARTER ENDED SEPTEMBER 30, 2018
(expressed in United States dollars)

	<u>30-Sep-18</u>	<u>30-Jun-18</u>	<u>30-Sep-17</u>
Shareholders' Equity			
Share Capital	\$ 151,858	\$ 174,545	\$ 181,251
Share Premium	51,390,286	57,371,521	59,003,395
Retained Earnings	7,861,488	8,175,975	9,151,437
(Decrease) increase in net assets for the quarter	<u>(146,087)</u>	<u>(314,487)</u>	<u>214,230</u>
Net assets attributable to holders of redeemable participating shares	<u>\$ 59,257,545</u>	<u>\$ 65,407,554</u>	<u>\$ 68,550,313</u>

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

	<u>30-Sep-18</u>	<u>30-Jun-18</u>	<u>30-Sep-17</u>
Cash flows from operating activities			
Interest received	\$ 598,929	\$ 265,222	\$ 301,384
Operating expenses paid	(170,840)	(177,663)	(187,506)
Purchase of financial assets at fair value through profit or loss	(15,735,929)	(40,037,302)	(10,566,476)
Proceeds from sale and maturity of financial assets at fair value through profit or loss	<u>21,807,412</u>	<u>35,430,837</u>	<u>10,283,709</u>
Net cash provided by (used in) operating activities	<u>6,499,572</u>	<u>(4,518,906)</u>	<u>(168,889)</u>
Cash flows from financing activities			
Proceeds from subscriptions of redeemable participating shares	878,313	969,998	1,537,593
Payments for redemption of redeemable participating shares	<u>(6,888,025)</u>	<u>(2,591,373)</u>	<u>(2,423,698)</u>
Net cash used in financing activities	<u>(6,009,712)</u>	<u>(1,621,375)</u>	<u>(886,105)</u>
Net change in cash and cash equivalents	489,860	(6,140,281)	(1,054,994)
Cash and cash equivalents at beginning of period	<u>764,946</u>	<u>6,905,227</u>	<u>1,147,125</u>
Cash and cash equivalents at end of period	<u>\$ 1,254,806</u>	<u>\$ 764,946</u>	<u>\$ 92,131</u>

SCOTIABANK US DOLLAR BOND FUND
UNAUDITED NOTES TO FINANCIAL STATEMENTS
QUARTER ENDED SEPTEMBER 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.