

ScotiaFunds®

Annual Information Form

May 18, 2012

Series A shares

Scotia Conservative Government Bond Capital Yield Class
Scotia Canadian Dividend Class
Scotia Global Dividend Class
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Balanced Income Portfolio Class
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Maximum Growth Portfolio Class

Series M shares

Scotia Short Term Yield Class
Scotia Conservative Government Bond Capital Yield Class
Scotia Canadian Corporate Bond Capital Yield Class
Scotia Canadian Dividend Class
Scotia Private Canadian Equity Class
Scotia Private U.S. Dividend Class
Scotia Private U.S. Equity Class

Note: Each of the foregoing funds and portfolios are classes of Scotia Corporate Class Inc.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The funds and the securities they offer under this annual information form are not registered with the U.S. Securities and Exchange Commission and may be offered and sold in the United States only in reliance on exemptions from registration.

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INTRODUCTION

In this document:

Board means the board of directors of the Corporation;

Corporation means Scotia Corporate Class Inc.;

Corporate Funds refers to the ScotiaFunds that are classes of the Corporation and *Corporate Fund* refers to any of them;

fund or *funds* means a Corporate Fund that is offered for sale under the simplified prospectus and where the context requires, refers to ScotiaFunds, whether a Corporate Fund, a Trust Fund or an LP Fund;

LP Funds refers to Scotia Canadian Income LP, Scotia Canadian Corporate Bond LP, Scotia Conservative Government Bond LP and any other fund structured as a limited partnership established from time to time in which one or more Corporate Funds may invest, and *LP Fund* refers to any of them;

Manager, SAM, we, us, and our refer to Scotia Asset Management L.P.;

Portfolios or Portfolio Classes refers to the Scotia INNOVA Portfolio Classes that are offered for sale under the simplified prospectus and *Portfolio* or *Portfolio Class* refers to any of them;

Reference Funds refers to Scotia Private Canadian Corporate Bond Pool (in respect of Scotia Canadian Corporate Bond LP), Scotia Private Short-Mid Government Bond Pool (in respect of Scotia Conservative Government Bond LP), Scotia Canadian Income Fund (in respect of Scotia Canadian Income LP) and any other mutual fund which is a reference fund in respect of a forward contract and *Reference Fund* refers to any of them;

Scotiabank Group includes The Bank of Nova Scotia (Scotiabank), The Bank of Nova Scotia Trust Company (Scotiabank Trust), Scotia Asset Management L.P., Scotia Securities Inc. and Scotia Capital Inc.;

ScotiaFunds refers to all of our mutual funds and the series thereof which are offered under separate simplified prospectuses under the *ScotiaFunds* brand;

securities of a fund refers to units or shares of a fund, as applicable;

securityholder refers to shareholders of a Corporate Fund or to unitholders of a Trust Fund or an LP Fund, as applicable;

Tax Act means the *Income Tax Act* (Canada);

Trust Funds refers to the ScotiaFunds that are structured as mutual fund trusts and issue units; and

underlying fund refers to a mutual fund (either a ScotiaFund or other mutual fund) in which a fund invests.

NAMES AND FORMATION OF THE FUNDS

Scotia Corporate Class Inc. (the “Corporation”) was incorporated by certificate and articles of incorporation dated April 17, 2012 under the *Canada Business Corporations Act* (“CBCA”). The Corporation is authorized to issue a class of special voting shares and 200 classes of mutual fund shares, although we may issue more in the future. Each class is authorized to issue 25 series of shares. The Board is authorized to refer to each class by a name, which appears on the cover of this annual information form.

The Corporation currently offers 13 classes of shares, each one of which is referred to by its fund name, as listed below and which offers Series A and/or Series M shares as noted on the cover page.

FUND NAME	DESIGNATED CLASS OF SHARES
Scotia Short Term Yield Class	Class 1
Scotia Conservative Government Bond Capital Yield Class	Class 2
Scotia Canadian Corporate Bond Capital Yield Class	Class 3
Scotia Canadian Dividend Class	Class 4
Scotia Private Canadian Equity Class	Class 5
Scotia Private U.S. Dividend Class	Class 6
Scotia Private U.S. Equity Class	Class 7
Scotia Global Dividend Class	Class 8
Scotia INNOVA Income Portfolio Class	Class 9
Scotia INNOVA Balanced Income Portfolio Class	Class 10
Scotia INNOVA Balanced Growth Portfolio Class	Class 11
Scotia INNOVA Growth Portfolio Class	Class 12
Scotia INNOVA Maximum Growth Portfolio Class	Class 13

Scotia Asset Management L.P. (“SAM” or the “Manager”) is the manager of the funds. The head office of SAM and of the funds is located at 40 King Street West, 52nd Floor, Toronto, Ontario, M5H 1H1.

INVESTMENT RESTRICTIONS AND PRACTICES

The funds’ simplified prospectus contains detailed descriptions of the investment objectives, investment strategies and risk factors for the funds. In addition, the funds are subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 *Mutual Funds* (“NI 81-102”) which are designed in part to ensure that the investments of the funds are diversified and relatively liquid and to ensure the appropriate administration of the funds. Except for the deviations described below, each Fund is managed in accordance with these restrictions and practices. The funds have permission from securities regulatory authorities to deviate from NI 81-102 and from certain provisions of securities legislation as described below.

The fundamental investment objectives of a fund may not be changed without the approval of a majority of voting shareholders.

Related Party Investments, Related Party Transactions and Offerings Involving a Related Underwriter

The funds that are considered to be “dealer-managed funds” for the purposes of NI 81-102 are subject to certain additional restrictions when dealing with, or investing in, the Manager or parties related to the Manager. In the case of certain self-dealing activities, NI 81-102 and National Instrument 81-107 permit the Manager to seek approval of the Independent Review Committee of the funds and in other cases, an exemption from the Canadian Securities Authorities (“CSA”) must be obtained. The Manager has obtained certain exemptions from the CSA.

In some cases, the Independent Review Committee of the funds has given its approval, as a standing instruction, for the funds to engage in an activity or transaction and in other cases, the approval must be sought on a case by case basis. Pursuant to such exemptions and approvals, and provided certain conditions imposed by the CSA or the Independent Review Committee are met, the funds may:

- (a) purchase securities of a Canadian reporting issuer during the period of distribution to the public of the securities and for the 60-day period following the period of distribution notwithstanding that a related underwriter, such as ScotiaMcLeod, participates in offering the securities of such issuer; provided that; amongst others:
 - (i) in the case of equity securities, the offering is pursuant to a prospectus;
 - (ii) in the case of debt securities, the debt security has and continues to have an approved rating;
- (b) purchase securities of a Canadian reporting issuer which are (i) equity securities, or (ii) convertible securities, such as special warrants, which automatically permit the holder to purchase, convert or exchange such convertible securities into other equity securities of the reporting issuer once such other equity securities are listed and traded on an exchange in a private placement during the period of distribution of the securities and for the 60-day period following the period of distribution notwithstanding that a related underwriter, such as ScotiaMcLeod, participates in offering the securities of such issuer;
- (c) purchase non-government debt securities which do not have an approved rating during the period of distribution of the debt securities and for the 60-day period following the period of distribution notwithstanding that a related underwriter, such as ScotiaMcLeod, participates in offering the securities of such issuer;
- (d) if a public quotation in common use is available, purchase securities from, or sell securities to, the Manager, or a portfolio advisor of the fund; a partner, director or officer; associate or affiliate of any of the foregoing or certain small issuers, of

which a partner, director or officer of the fund or of the Manager or portfolio advisor of the fund is a partner, director, officer or securityholder (collectively “Related Parties”), where they are acting as principal;

- (e) purchase from, or sell to, related dealers that are acting as principal dealers in the Canadian debt securities market debt securities provided the bid and the ask price of the security is readily available;
- (f) purchase equity securities of a related party, such as common shares of Scotiabank, in the secondary market; and
- (g) purchase in a primary distribution or treasury offering, debt securities of a related party, with terms to maturity of 365 days or more, or purchase in the secondary market debt securities of a related party.

Derivatives

The funds may use or invest in derivative instruments consistent with their investment objectives and as permitted by the CSA. The funds may use derivatives to hedge against certain investment risks, such as currency and interest rate fluctuations and stock market volatility. The funds may also invest in derivatives for non-hedging purposes, such as creating exposure to domestic and international financial markets, investing in financial market downturns and facilitating and reducing the cost of portfolio transactions.

Securities Lending, Repurchase and Reverse Repurchase Transactions

The funds may enter into securities lending, repurchase and reverse repurchase transactions consistent with their investment objectives and as permitted by the applicable securities and tax legislation. A securities lending transaction is where a fund lends certain qualified securities to a borrower in exchange for a negotiated fee without triggering a disposition of the securities for tax purposes. A repurchase transaction is where a fund sells a security at one price and agrees to buy it back from the same party at a specified price on a specified date. A reverse repurchase transaction is where a fund buys securities for cash at one price and agrees to sell them back to the same party at a specified price on a specified date. Securities lending, repurchase and reverse repurchase transactions involve certain risks. If the other party to these transactions goes bankrupt or is for any reason unable to fulfil its obligations under the agreement, the fund may experience difficulties or delays in receiving payment. To address these risks, any securities lending, repurchase or reverse repurchase transactions entered into by a fund will comply with applicable securities legislation, including the requirement that each agreement be, at a minimum, fully collateralized by investment grade securities with a value of at least 102% of the market value of the securities subject to the transaction. The funds will enter into securities lending, repurchase or reverse repurchase transactions only with parties that we believe, through conducting credit evaluation, have adequate resources and financial ability to meet their obligations under such agreements (“qualified borrowers”). In addition, the funds will not expose more than 10% of the total value of their assets with any one entity under these agreements. In the case of securities lending, repurchase or reverse repurchase transactions,

the aggregate market value of all securities lent and sold by a fund will not exceed more than 50% of the total value of the assets of that Fund, not including collateral or cash held.

Short Selling

The funds may engage in short selling consistent with their investment objectives and as permitted by the CSA. A short sale by a fund involves borrowing securities from a lender which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the fund pays interest to the lender. If the value of the securities declines between the time that the fund borrows the securities and the time it repurchases and returns the securities, the fund makes a profit for the difference (less any interest the fund is required to pay to the lender). In this way, the fund has more opportunities for gains when markets are generally volatile or declining.

The funds engage in short selling only within certain controls and limitations. All short sales are effected only through market facilities through which those securities normally are bought and sold. Securities are sold short only for cash and the fund receives the cash proceeds within normal trading settlement periods for the market in which the short sale is made. As well, at the time securities of a particular issuer are sold short by a fund, the aggregate market value of all securities of that issuer sold short will not exceed 5% of the total net assets of the fund. The aggregate market value of all securities sold short by a fund will not exceed 20% of its total net assets on a daily marked-to-market basis. The fund may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions. The fund also will hold cash cover (as defined in NI 81-102) in an amount, including the fund's assets deposited with lenders, that is at least 150% of the aggregate market value of all securities it sold short on a daily marked-to-market basis. No proceeds from short sales will be used by a fund to purchase long positions other than cash cover.

SHARES OF THE FUNDS

What are Classes and Series of Shares of the Corporation?

The Corporation issues classes of shares in series and may issue an unlimited number of shares of each series. Each class has a separate investment objective and is a mutual fund. Each fund currently offers Series A and/or Series M shares under the simplified prospectus.

As a holder of shares of a fund, you have the rights described below. Fractional shares carry the rights and privileges and are subject to the restrictions and conditions described for shares in the proportions that they bear to one share, except that any holder of a fractional share is not entitled to vote in respect of such fractional share.

When issued, shares of each fund are fully paid and non-assessable and have no pre-emptive or conversion rights. Fractions of shares may also be issued.

Dividend rights

The Corporation does not pay dividends at regular intervals. Any capital gains dividends will generally be allocated amongst all funds, and the Board may pay ordinary or capital gains

dividends only to a particular fund, if the Board believes it is appropriate to do so. Any dividend payable by the Corporation to a fund will be shared amongst all series of the fund.

The Corporation may make distributions of a return of capital so long as there is sufficient capital attributable to a series of a fund without making such a distribution to other funds. The Corporation currently does not have any policy to do so. To do so, the Corporation must determine the capital of each existing series. No distribution of capital to a series can be made if it exceeds that series' capital.

In the event of the liquidation or dissolution of the Corporation, all funds have the right to participate in the remaining property of the Corporation based on the relative net asset value of each fund. If amounts payable on a return of capital in respect of a series of shares are not paid in full, the shares of all series of a fund participate ratably on a return of capital based on the relative net asset value of each series of such Class.

Redemption

All shares of the Corporation are redeemable on the basis as described under *How to Sell Funds*.

In addition, the Corporation may, in its discretion, redeem securities of any series at their net asset value per security: (a) if the total value of a securityholder's holdings of the fund falls below a specified amount as fixed by the Manager from time to time; (b) to pay any outstanding fees or expenses owed by the securityholder, whether to the Corporation or another party; (c) if a securityholder fails to meet the eligibility requirements for those securities; (d) if authorized to do so by applicable law or by securities regulators; (e) if necessary to set off any other amount owing by the securityholder to the Corporation; or (f) if the holding of such securities by such securityholder would have an adverse effect on the Corporation or a fund.

Conversions

The movement of your investment money from one Corporate Fund to another Corporate Fund, or from one series to another series of the same Corporate Fund, is called a conversion.

If you wish to change your investment objective within the Corporation, you convert from one Corporate Fund to another Corporate Fund. If you wish to change fee structures, you may request that your securities of a series of a Corporate Fund be converted into securities of another series of the same Corporate Fund, provided that you meet certain criteria that may be established by the Manager. If after conversion, you no longer satisfy the criteria for that series, your securities may be redeemed by the Corporation, or may be converted into another series if you so direct, and if you meet the criteria for such series.

Voting rights

Securityholders of the funds do not have the right to vote except as required by the CBCA or by Canadian securities legislation. If securityholders of a fund are entitled to vote, they will have one vote for each share held. Securityholders of a fund or a series thereof have the right to vote on matters prescribed by the CBCA, including in particular the modification of the rights and conditions attaching to a fund or a series thereof. A separate fund or series vote is required if a particular fund or series is affected in a manner that is different from other funds or series. At a

shareholder meeting called to vote on these issues, a shareholder will be entitled to one vote per share of a fund.

However, no vote of securityholders of a fund or a series of a fund is required (and no rights to dissent arise) to:

- increase any maximum number of authorized shares of a fund or a series of a Class having rights or privileges equal or superior to the shares of such fund;
- effect an exchange or cancellation of all or part of the securities of the fund or a series of a fund; or
- create a new fund or a series of a fund having rights equal or superior to the securities of such fund or a series of a fund.

In addition, if no shares of a series are outstanding, the Board may change the rights, privileges, restrictions and conditions attaching to such series. In some cases only some of the funds or series of a fund will vote on a particular matter stated above and in other cases all of the funds or series of a fund will vote on such matter.

Pursuant to current Canadian securities legislation, the approval of shareholders is also required for the matters discussed below. Subject to any exemption of the CSA obtained by a fund, the following matters currently require shareholder approval pursuant to securities legislation:

1. the appointment of a new manager, unless the new manager is an affiliate of SAM;
2. a change in the fundamental investment objectives of a fund;
3. a decrease in the frequency of calculating the net asset value (“NAV”) per share of a fund;
4. changing the basis of the calculation of a fee or expense that is charged to a fund in a way that could result in an increase in charges to the fund. No shareholder approval will be required if a fund is at arm’s length to the person or company charging the fee or expense and if written notice is sent to all shareholders at least 60 days before the effective date of the change that could result in an increase in charges to the fund;
5. introducing a fee or expense, to be charged to a fund or directly to its shareholders by the fund or the Manager in connection with holding shares of the fund in a way that could result in an increase in charges to the fund or its shareholders; and
6. in certain limited circumstances, a merger of a fund into another mutual fund where the shareholders of the fund will become the shareholders of another mutual fund as a result of the merger; and

7. in certain limited circumstances, a merger of a mutual fund into another fund (the “continuing fund”) where the merger would be a significant change for the shareholders of the continuing fund.

Because shareholders in Series A or Series M are not charged sales commissions or redemption fees when they invest in or redeem shares of the funds, shareholder meetings in respect of Series A or Series M shares are not required to approve any increase in the fees or expenses charged by non-arm’s length parties to the funds if these shareholders are notified of the change at least 60 days before the effective date of the increase.

How the Shares are Valued

How much a fund is worth is called its “net asset value” or NAV. When a fund calculates its net asset value, it determines the market value of all of its assets and subtracts all of its liabilities. Separate net asset values are calculated for each series of a fund at the end of each day based on each series’ share of the fund’s net asset value as determined in accordance with the Corporation’s Articles. The series net asset value per share (“NAV per share”) is calculated daily by dividing (1) the amount equal to the value of that series’ share of assets of a fund, less that series’ share of the common expenses of the fund and less that series’ specific expenses by (2) the total number of shares of that series outstanding at such time. A share’s net asset value is very important because it is the basis on which shares of a fund are purchased and redeemed. The series net asset value per share of a fund varies from day to day. A fund calculates the net asset value of the shares at the close of business on each valuation date. Every day that the Toronto Stock Exchange is open for trading or each other day required for tax, accounting or distribution purposes of each year is a “Valuation Date”. In unusual circumstances, calculation of the net asset value per share may be suspended, subject to obtaining any necessary regulatory approval.

Valuation of Portfolio Securities and Liabilities

The net asset value of a fund must be calculated using the fair value of the fund’s assets and liabilities.

The value of the assets of a fund are calculated using the following valuation principles:

1. the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends or distributions received (or to be received and declared to shareholders of record on a date as of which the net asset value is being determined) and interest, accrued and not yet received, shall be deemed to be the full amount thereof, unless the Manager has determined that any such amount is not worth the full amount thereof, in which event the value shall be the fair value as determined by the Manager;
2. the value of any security which is listed on a stock exchange or traded on an over-the counter market will be (A) the closing sale price on that day or, (B) if there is no such closing price, the average of the bid and the ask price at that time, or (C) if no bid or ask price is available, the price last determined for such security for the purpose of calculating net asset value of the fund. The value of interlisted securities shall be computed in accordance with directions laid down from time to

time by the Manager. Notwithstanding the foregoing, if, in the opinion of the Manager, stock exchange or over-the-counter quotations do not properly reflect the prices which would be received by the fund upon the disposal of securities necessary to reflect any redemption of shares, the value thereof shall be the fair value of such securities as determined by the Manager. In calculating the value of foreign securities listed on securities exchanges outside of North America, the Manager will place values on such securities which appear to most closely reflect the fair value of such securities at the time of net asset value calculation;

3. the value of derivatives will be determined in accordance with applicable securities legislation;
4. the value of any restricted security shall be determined in accordance with applicable securities legislation; and
5. the value of any security or other asset for which a market quotation is not readily available, will be its fair value on that day determined in such manner as the Manager deems to be appropriate.

For the purpose of any conversion of monies from any other currency to Canadian currency, the current rate of exchange as quoted to such fund by its bankers as nearly as practicable at the time as of which the net asset value is being computed is used.

As the Corporate Funds are new, the Manager has not exercised its discretion to deviate from the valuation principles described above in the last three years. The Manager will deviate from these valuation principles in circumstances where the above methods do not accurately reflect the fair value of a particular security at any particular time, for example, if trading in a security was halted because of significant negative news about a company.

Each fund calculates the net asset value of the securities of the fund on the basis of the valuation principles set forth in this annual information form which comply with the requirements of National Instrument 81-106 but differ in some respects from the requirements of Canadian generally accepted accounting principles (“GAAP”) which are used for financial reporting purposes only. The main differences are that the Manager generally will determine the fair value of securities traded on a stock exchange by using the closing price on the exchange rather than the last bid price as required by GAAP, and bonds, debentures and other debt obligations by using the average of bid and ask prices, rather than the bid price as required by GAAP.

HOW TO PURCHASE AND SELL SHARES OF THE FUNDS

How to Purchase Shares

Shares of the funds are offered for sale on a continuous basis at their NAV per share from time to time, computed in the manner described under *How the Shares are Valued*. There are generally no sales commissions or other fees payable on the purchase of shares. Series A shares may be purchased directly from Scotia Securities Inc., ScotiaMcLeod and ScotiaMcLeod Direct Investing (collectively, “ScotiaMcLeod”) or Scotia Capital Inc. (“Scotia Capital”) in such

provinces and territories where Scotia Securities Inc., ScotiaMcLeod or Scotia Capital are qualified to receive orders for purchase or with dealers and brokers qualified in your province or territory. Series A shares are available to all investors. Series M shares may only be purchased by clients of SAM or Scotiatrust that have entered into a discretionary management agreement.

All orders for shares of a fund will be forwarded to the fund for acceptance or rejection and the fund reserves the right to reject any order in whole or in part. Dealers and brokers must transmit an order for shares to the head office of a fund and must make such transmittal wherever practical by courier, priority post or telecommunications facility without charge to you on the same day your completed purchase order is received. As a security policy (which may be changed at the discretion of the Manager) the funds, except as provided below, generally will not accept purchase orders placed by telephone or wire directly by an investor. The decision to accept or reject your purchase order will be made promptly and, in any event, within one business day of receipt of your order by the fund. Telephone orders and Internet orders may be placed with Scotia Securities Inc. representatives at branches or call centres of the Scotiabank Group. Speak to your registered investment professional for details. If your order is rejected, all monies received with your order will be returned to you immediately.

The minimum amounts for the initial and each subsequent investment in Series A shares of the Scotia INNOVA Portfolios is \$50,000 and \$500, respectively, and in Series A shares of Scotia Global Dividend Class, Scotia Canadian Dividend Class and Scotia Conservative Government Bond Capital Yield Class is \$10,000 and \$100, respectively. For Series M shares of a fund, the minimum initial investment is generally \$250,000. If you buy, sell or switch shares through non-affiliated brokers or dealers you may be subject to higher minimum initial or additional investment amounts.

The minimum amounts may be varied or waived at any time without notice at the absolute discretion of the Manager. The Manager reserves the right to terminate your account with a fund if the NAV of your investment in the fund falls below the applicable minimum for an initial purchase. Your dealer or broker may impose higher minimum initial or additional investment amounts.

The NAV per share for the purpose of issuing shares is the NAV per share next determined following receipt of a purchase order. No share certificates will be issued by the funds.

Payment for all orders of shares must be received at the head office of the funds on or before the third business day from (but not including) the day the subscription price for the shares is determined. Where payment of the subscription price is not received, a fund is deemed to have received and accepted on the first business day following such period an order for redemption of the shares and the redemption proceeds are applied to reduce the amount owing to the fund in respect of the purchase of the shares. If the amount of the redemption proceeds exceeds the subscription price of the shares, the fund is permitted to retain the excess. If the amount of the redemption proceeds is less than the issue price of the shares, Scotia Securities Inc., as principal distributor of Series A shares of the funds, must pay to the fund the amount of the deficiency. Scotia Securities Inc. is entitled to collect such amounts together with its costs, charges and expenses in so doing and interest thereon from dealers or brokers making the order

for shares. Those dealers or brokers may, in turn, collect such amounts from the investor who failed to pay the subscription price. Where no other dealers or brokers have been involved in an order for shares, Scotia Securities Inc. is entitled to collect such amounts described above from the investor who has failed to make payment for the shares ordered.

Other than the short term trading fee described below, the funds do not charge for redemptions, but reserve the right to impose redemption fees from time to time, upon providing shareholders 60 days written notice of the amount and particulars of such fee. The funds currently have no intention to impose such fees on any of the series described in this annual information form during the next 12 months.

Sales Charges

You may pay a sales charge or other fee if you buy Series A shares of a fund through a dealer other than Scotia Securities Inc. or Scotia Capital Inc. (including ScotiaMcLeod, ScotiaMcLeod Direct Investing and Scotia iTRADE). You negotiate any charge or fee directly with your dealer. Series A and Series M shares of the funds are no load. That means you do not pay a sales commission when you buy, switch or sell these shares through us or our affiliates. There are no sales charges on the Series M shares.

The Manager may pay employees of Scotia Securities Inc. an up-front sales commission of up to 1% of the amount invested by a shareholder in Series A shares.

Service Fees and Sales Incentive Programs

The Manager may pay Scotiabank, Scotia Securities Inc. or ScotiaMcLeod employees, registered brokers and dealers a service fee on Series A shares of the funds. This fee is calculated daily and paid monthly and, subject to certain conditions, is based on the value of the Series A shares you hold. The Manager does not pay service fees on Series M shares. From time to time, prizes such as cash or merchandise, may be awarded in connection with sales of shares of the funds to individual Scotiabank or Scotia Securities Inc. employees or to Scotiabank or Scotiatrust branches to be distributed to or used for the general benefit of branch employees. SAM may pay brokers and dealers a referral fee of up to one-half of any advisory fee paid by its clients in the first year. See *Dealer compensation* in the funds' simplified prospectus for details about service fees and sales incentive programs.

In addition, Scotiabank may also include sales of shares of the funds in its general employee incentive programs which involve many different Scotiabank products.

How to Switch Funds

You can switch from one ScotiaFund to another ScotiaFund, as long as you're eligible to hold the particular series of the ScotiaFund into which you switch. A switch involves moving money from the fund to another ScotiaFund. Generally, a switch may be an order to sell and buy or to convert your securities. We describe these kinds of switches below. When we receive your order, we'll sell or convert your securities from the fund and use the proceeds to buy the second ScotiaFund. The steps for buying and selling ScotiaFund also apply to switches. You and your registered representative negotiate the fee. The fund may also charge you a short term or frequent

trading fee if you switch your securities within 31 days of buying them, or if you have made multiple switches within ten calendar days of purchase. See *Short-term trading* in the simplified prospectus for details.

Switching between Corporate Funds and Series of a Corporate Fund

When you switch shares from one Corporate Fund to another Corporate Fund or between series within a Corporate Fund, it is treated as a conversion. You can convert shares of a Corporate Fund into shares of another Corporate Fund as long as you're eligible to hold series of the other Corporate Fund. You can convert shares of a series to shares of another series within the same Corporate Fund as long as you're eligible to hold the other series of the Corporate Fund. When you convert shares between Corporate Funds or series, the value of your investment will not change (except for any fees you pay to convert), but the number of shares you hold will change. This is because each series of each Corporate Fund has a different share price. In general, a conversion is not considered a disposition for tax purposes, so no capital gain or loss will result. However, any redemption of shares to pay for a switch fee charged by your dealer will be considered a disposition for tax purposes.

Switching between Corporate Funds and Trust Funds

Switching between a Corporate Fund and a Trust Fund is considered a disposition for tax purposes. If you hold your securities in a non-registered account, you may realize a capital gain or loss on the disposition. Capital gains are taxable.

How to Sell Shares

You may at any time sell your shares back to a fund by following the procedures described in the following section, unless at that time the fund's obligation to purchase your shares has been temporarily suspended by the fund with, where necessary, the prior consent of the Ontario Securities Commission. Your request to have a fund buy back your shares constitutes a "redemption" by the fund when completed and may be referred to in this annual information form as a "sell order" to the fund. The redemption price for the shares which are the subject of your sell order will be the NAV of such shares next determined following receipt of your sell order by the fund. Payment for your shares sold will be made by cheque within three business days after receipt by the fund of your sell order. **The Manager cannot accept sell orders specifying a forward date or price, and sell orders will not be implemented before the Manager has actually received payment for shares issued to you under a prior purchase order.**

Short-term trading (including "market-timing" trading) can increase a fund's expenses, which affects all shareholders of the fund. The Manager has systems in place to monitor for short term trades. These systems have the capability to detect and mark any redemption or switching that occurs within 31 days of the purchase of the relevant shares (90 days in the case of Scotia Short Term Yield Class). If it is determined that a redemption or switch constitutes a short term trade, the fund will charge a fee of 2% of the amount redeemed or switched. This short term trading fee is retained by the fund. The Manager may waive the fee. While the fee will generally be paid out of the redemption proceeds of the fund in question, SAM has the right to redeem

shares of other funds in your account without notice to you to pay for the short term trading fee. SAM may, in its sole discretion, decide which shares should be redeemed and the manner in which to do so. SAM may waive the fee in certain circumstances and in its sole discretion.

The short term trading fee does not apply to: (i) transactions that do not exceed a certain minimum dollar amount, as determined by the Manager from time to time; (ii) automatic rebalancing that is part of the service offered by SAM; (iii) trades initiated by SAM; (iv) regularly scheduled RRIF or LIF payments; and (v) regularly scheduled Automatic Withdrawal Plan payments and (vi) certain Cash Equivalent Funds.

The Manager may cause the redemption of all outstanding shares of a fund held by a shareholder after giving 10 days written notice if the aggregate NAV of such shares in a fund declines below the minimum initial purchase amounts described under *How to Purchase Shares*.

How to Submit a Sell Order

The following is a summary of the procedure that you must follow when submitting a sell order. The Manager, however, may from time to time adopt additional permissible procedures and, if so, will advise all shareholders of such procedures.

Your sell order must be in writing and bear an authorized signature from your bank, trust company or investment dealer and such other evidence of proper authority as a fund may reasonably require. Any sell order by a corporation, trust, partnership, agent, fiduciary, surviving joint owner or estate must be accompanied by customary documentation evidencing the signatory's authority. Sell orders are effective only when all documentation is in order and received by the head office of a fund. Any of these requirements may be waived at any time without notice in the absolute discretion of the Manager. Your sell order may be submitted to Scotia Securities Inc., ScotiaMcLeod or Scotia Capital in such provinces and territories where Scotia Securities Inc., ScotiaMcLeod or Scotia Capital are qualified to sell shares of the funds. Sell orders may also be submitted to your registered dealer or broker. You may also submit your sell order to representatives of Scotia Securities Inc. at branches of Scotiabank and Scotiitrust. Dealers and brokers must transmit the particulars of a sell order to a fund on the same day it is received at no charge to the investor and to make such transmittal wherever practical by courier, priority post or telecommunications facility. As a security policy (which may be changed at the discretion of the Manager), the funds will generally not accept sell orders placed by telephone, wire or by other electronic means directly from shareholders.

If a shareholder fails to provide a fund with a duly completed sell order within ten business days of the date on which the NAV per share was determined for purposes of the sell order, the fund is deemed to have received and accepted, as of the close of business on the tenth business day, an order for the purchase of the equivalent number of shares being redeemed and will apply the amount of the redemption proceeds to the payment of the issue price of such shares. If such amount is less than the redemption proceeds, the fund is permitted to retain the excess. If such amount exceeds the redemption proceeds, Scotia Securities Inc., as principal distributor of Series A shares of the funds, must pay the applicable fund the amount of the deficiency. Scotia Securities Inc. is entitled to collect such amount together with its costs and interest thereon from dealers or brokers placing the redemption order and those dealers or

brokers may collect such amounts from the investor who failed to provide the duly completed sell order. Where no other dealers or brokers have been involved in a redemption order, Scotia Securities Inc. is entitled to collect such amounts described above directly from the investor who failed to provide the duly completed sell order.

All sell orders will be processed in the order in which they are received. Sell orders involving transfers to or from Registered Plans (defined below) may incur delays if the transfer documents are not completed in the sequence prescribed by Canada Revenue Agency, and release of the sale proceeds cannot be made by a fund until all administrative procedures involved with such Registered Plans are complete.

INVESTMENT OPTIONS

For a description of the various investment options available, please see the simplified prospectus of the funds. Some further details are included below:

Pre-Authorized Contributions

You can set up regular pre-authorized contributions for the Series A shares of the funds held by you provided that you meet the minimum investment amounts indicated under *How to Purchase Shares*. You select the frequency of your purchases, which may be weekly, bi-weekly, semi-monthly, monthly, bi-monthly, quarterly, semi-annually or annually, by pre-authorizing payments from your bank account at Scotiabank or any other major Canadian financial institution.

You may change the amount of each purchase or the frequency of purchase or you may discontinue the plan at any time without penalty by contacting your mutual fund representative. Forms used to begin pre-authorized contributions can be obtained when you place your order with your dealer or broker. Similar automatic investment plans for Series A shares of the funds may be available through ScotiaMcLeod and other dealers.

The funds received an exemption from the requirement to deliver a renewal simplified prospectus (and any amendment thereto) to investors purchasing shares of the funds under pre-authorized contributions or similar plans. For more information, refer to *Pre-authorized contributions* in the funds' simplified prospectus.

Registered Plans

You may open a Scotia Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Life Income Retirement Account (LIRA), Locked-in Retirement Savings Plan (LRSP), Life Income Fund (LIF), Locked-in Retirement Income Fund (LRIF), Prescribed Retirement Income Fund (PRIF), Tax-Free Savings Accounts (TFSA) or Registered Education Savings Plans (RESP (which, collectively with a Deferred Profit Savings Plan (DPSP) and Registered Disability Savings Plan (RDSP), are referred to as "Registered Plans") for shares of the funds. Minimum initial and subsequent deposits for a Scotia Registered Plan are the same as those set out under *How to Purchase Shares*. These minimum deposits may be varied or waived at any time, without notice, in the discretion of the Manager. Shares of the funds may also be held in a self-directed RRSP or RRIF (or other Registered Plans) with any

other financial institution as may be approved by the Manager, but such plans may be subject to fees.

You may open a Scotia Registered Plan (or other similar plans that may be offered by the Manager or Scotia Securities Inc.) by completing an application form and declaration of trust which you may obtain directly from Scotia Securities Inc. and Scotiatrust or from the offices of a participating dealer appointed by SAM or Scotia Securities Inc. in certain provinces and territories.

You are urged to consult your own tax advisor for full particulars of the tax implications of establishing, amending and terminating Registered Plans under the Tax Act and applicable provincial tax legislation. It is your responsibility as a holder of a Registered Plan to determine the consequences to you under relevant income tax legislation. The funds assume no liability as a result of Scotia Registered Plans being made available.

Automatic Withdrawal Plan

Series A shareholders may establish an automatic withdrawal plan under which sufficient shares of a fund will be redeemed on a periodic basis in order to provide these shareholders with regular cash payments. To establish and maintain an automatic withdrawal plan for Series A shares, the minimum amount to start is \$5,000 and the minimum for each withdrawal is \$50, which may be varied or waived at any time without notice in the absolute discretion of the Manager:

See *How to Purchase Shares* to determine the minimum investment amounts. The minimum for each withdrawal under the plan is \$100. The minimum initial investment amounts and withdrawal amounts may be varied or waived at any time without notice in the absolute discretion of the Manager.

You may amend or terminate your automatic withdrawal plan without charge upon written notice to the Manager. The amendment or termination will be effective within 30 days of receipt of that notice.

Under a withdrawal plan, if you withdraw more money than your Series A shares are earning, you'll eventually use up your investment.

You may realize tax consequences on any redemption or other transfer of shares. See *Tax Treatment of Your Investment*.

TAX TREATMENT OF YOUR INVESTMENT

This section is a general, but not an exhaustive, summary of how your investment in the funds are taxed under the Tax Act. It applies to investors (other than trusts) who are residents of Canada, deal with the funds at arm's length and hold their shares as capital property. This summary is based on the current provisions of the Tax Act and the regulations thereunder, specific proposals to amend the Tax Act and regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof, except as otherwise noted, and the published administrative practices and policies of the Canada Revenue Agency. This summary

does not otherwise take into account or anticipate any change in law or administrative practice, whether by legislative, regulatory, administrative or judicial action. In addition, it does not take into account provincial or foreign tax considerations. This summary assumes that the Corporation will qualify as a “mutual fund corporation” within the meaning of the Tax Act at all material times. This summary also assumes that the Corporation will elect pursuant to subsection 39(4) of the Tax Act that all “Canadian securities” as defined in the Tax Act be treated as capital property to it (the “39(4) Election”).

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Accordingly, prospective investors should consult their own tax advisors about their individual circumstances.

Taxation of the Corporation

The Corporation is required to compute its net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act. As a consequence, the Corporation may realize income or capital gains by virtue of changes in the value of a foreign currency relative to the Canadian dollar.

The Corporation is liable for tax on its net income (excluding taxable dividends from Canadian corporations), including net taxable capital gains, at the rate applicable to mutual fund corporations. Taxes paid by the Corporation on realized capital gains will be refundable on a formula basis when shares are redeemed or when the Corporation pays capital gains dividends. Capital gains may be realized by the Corporation in a variety of circumstances, including on the disposition of portfolio assets, as a result of shareholders of a Corporate Fund converting their shares of one Corporate Fund into shares of another Corporate Fund.

The Corporation is generally subject to tax on taxable dividends received by it from taxable Canadian corporations under Part IV of the Tax Act, which tax will be refundable on a formula basis when the Corporation pays taxable dividends. With respect to other income (net of deductible expenses), generally the Corporation is subject to tax at the rate applicable to mutual fund corporations, less applicable credits for foreign taxes paid.

All of the Corporation’s revenues, deductible expenses (including expenses common to all series of shares of all Corporate Funds and management fees, and other expenses specified to a particular Corporate Fund or series of a Corporate Fund), and capital gains and capital losses in connection with all of the investment portfolios of the Corporate Funds, will be taken into account in determining the income or loss of the Corporation and applicable taxes payable by the Corporation as a whole.

In general, a Corporate Fund that invests in derivatives will include gains and deduct losses on income account in connection with its derivative activities and will recognize such gains or losses for tax purposes at the time they are realized by the Corporation. In the case of those Corporate Funds which invest in one or more LP Funds, if the LP Funds deliver “Canadian securities”, as defined under the Tax Act, to a counterparty in settlement of a forward contract, the Corporation, as a limited partner of the LP Funds, will be allocated a share of the gain or loss on the disposition of such Canadian securities by the LP Funds, which, by virtue of the Section

39(4) Election, will be treated as a capital gain or a capital loss. If the forward contract were not settled by delivery of Canadian securities the resulting gain or loss would likely be on income account.

The “suspended loss” rules in the Tax Act may prevent the Corporation from recognizing capital losses on the disposition of securities in certain circumstances which may increase the amount of net realized capital gains of the Corporation to be paid to investors.

Certain rules in the Tax Act affect the taxation of specified investment flow-through entities (“SIFTs”), such as publicly traded income trusts and limited partnerships (other than certain real estate investment trusts), and investors in those entities. Income attributable to a SIFT’s “non-portfolio earnings” is taxed in a manner similar to income earned by a corporation, and distributions made by these entities to investors are taxed in a manner similar to dividends from taxable Canadian corporations and are deemed to be “eligible dividends” for the purposes of the enhanced dividend tax credit if paid or allocated to a resident of Canada. Non-portfolio earnings are, generally, income (other than certain dividends) from, or capital gains realized on, “non-portfolio properties”. If a Corporate Fund, or an underlying fund in which a Corporate Fund invests, holds interests in a SIFT trust or SIFT partnership that is subject to this tax, the amount available for distribution to the Corporate Fund may be reduced.

Taxation of Shareholders

Taxable Shareholders of the funds

(i) Dividends

In the case of shareholders of a Corporate Fund that are individuals, taxable dividends paid by the Corporation (other than capital gains dividends), whether received in cash or reinvested in additional shares, will be included in computing income and are subject to the dividend gross-up and tax credit treatment normally applicable to taxable dividends paid by a taxable Canadian corporation. A Corporate Fund will designate taxable dividends of the Corporate Fund as “eligible dividends” to the extent permitted under the Tax Act.

In the case of shareholders of a Corporate Fund that are corporations, taxable dividends paid by the Corporation, whether received in cash or reinvested in additional securities, will be included in computing income but generally will also be deductible in computing taxable income. A “private corporation” (as defined in the Tax Act) which is entitled to deduct such dividends in computing its taxable income will normally be subject to the refundable tax under Part IV of the Tax Act. Certain other corporations that are controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) are also subject to the refundable tax under Part IV of the Tax Act. Corporations, other than private corporations, should consult their own tax advisors as to the possible application of tax under Part IV.1 of the Tax Act.

Capital gains dividends paid by the Corporation will be treated as realized capital gains in the hands of shareholders and will be subject to the general rules relating to the taxation of capital gains that are described below. Capital gains may be realized by the Corporation on the disposition of portfolio assets of the Corporation as a result of shareholders of a series of shares

of one Corporate Fund switching their shares of such series into shares of the same series of another Corporate Fund, Capital gains dividends may be paid by the Corporation to shareholders of any particular Corporate Fund or Corporate Funds in order to obtain a refund of capital gains taxes payable by the Corporation, as a whole, whether or not such taxes relate to the investment portfolio attributable to such series.

(ii) *Management Fee Rebates*

Generally, shareholders of a Corporate Fund are required to include in their income for a particular year any management fee rebate paid directly to the shareholders. Shareholders should consult their own advisors with respect to the tax treatment of such management fee rebates in their particular situation.

(iii) *Switches and Redemptions*

Switching shares of one series of a Corporate Fund into shares of the same series or of a different series of another Corporate Fund or switching into shares of another series of the same Corporate Fund will not be considered a disposition for tax purposes and accordingly, a shareholder will realize neither a capital gain nor a capital loss as a result of a switch. The shareholder's cost of shares of a Corporate Fund acquired on the switch will be the adjusted cost base to the shareholder of the shares of the Corporate Fund so switched immediately before the switch. The cost of the acquired shares will be averaged with the adjusted cost base of identical shares of such series owned by the shareholder.

Upon the actual or deemed disposition of a share of a Corporate Fund, including on the redemption of a share by a Corporate Fund, a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition of the share of the Corporate Fund exceed (or are exceeded by) the aggregate adjusted cost base to the shareholder of the share and any reasonable costs of disposition. Shareholders of a Corporate Fund must calculate the adjusted cost base separately for shares of each series of a Corporate Fund owned. Generally, one-half of a capital gain is included in computing income as a taxable capital gain and one-half of a capital loss is an allowable capital loss which may be deducted against taxable capital gains for the year. Generally, any excess of allowable capital losses over taxable capital gains of the shareholder for the year may be carried back up to three years or forward indefinitely and deducted against taxable capital gains in those other years.

In the case of a shareholder that is a corporation that disposes of shares of one of the Corporate Funds, the amount of any capital loss otherwise determined may be reduced by the amount of taxable dividends received on such shares under circumstances described in the Tax Act. Similar rules apply where a corporation is a beneficiary of a trust or a member of a partnership that owns shares of the Corporate Fund.

A shareholder that is throughout the relevant taxation year a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income", as defined in the Tax Act, for the year, which is defined to include taxable capital gains.

Shareholders that are individuals may be liable for alternative minimum tax in respect of Canadian source dividends, capital gains dividends and capital gains realized by the shareholder.

Non-Taxable Shareholders of the funds

In general, the amount of dividends (including capital gains dividends) paid or payable to a Registered Plan from the Corporate Fund, or capital gains realized on a disposition of shares of, a Corporate Fund, will not be taxable under the Tax Act. Withdrawals from Registered Plans may be subject to tax.

Eligibility for Registered Plans

Provided that the Corporation qualifies as a “mutual fund corporation” within the meaning of that term in the Tax Act, shares of the funds will be “qualified investments” under the Tax Act for trusts governed by Registered Plans.

However, an annuitant of an RRSP or RRIF, or a holder of a TFSA, may be subject to a penalty tax in respect of shares of a Corporate Fund held by the RRSP, RRIF or TFSA if the shares are “prohibited investments” for the RRSP, RRIF or TFSA. Provided that the annuitant of an RRSP or RRIF, or the holder of a TFSA, deals at arm’s length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Corporation or in any corporation, partnership or trust with whom the Corporation does not deal at arm’s length, shares of a Corporate Fund will not be a prohibited investment under the Tax Act for the RRSP, RRIF or TFSA.

Investors who choose to purchase shares of the Corporate Funds through a Registered Plan should consult their own professional advisors regarding the tax treatment of contributions to and acquisitions of property by such Registered Plan.

HOW THE FUNDS ARE MANAGED AND ADMINISTERED

Directors and Officers of the Corporation

The names and municipalities of residence of the directors and officers of the Corporation, their principal occupations over the past five years, and the positions and offices held with the Corporation are as follows:

Name and Municipality of Residence	Current position with the Corporation	Principal occupations in the past 5 years
Jordy W. Chilcott Oakville, Ontario	Chair of the Board and Director	Executive Vice President, Head of Dynamic, GCIC Ltd.
Neil C. Macdonald Toronto, Ontario	Chief Executive Officer and Director	From October, 2011 to present – Chief Executive Officer, Scotia Asset Management G.P. Inc. From October, 2011 to present – Chief Executive Officer, SAM From June 2007 to October 2011 – Managing Director, SAM

		From August 2002 to June 2007 – Vice President, AGF Investments
Walter A. Pavan* Oakville, Ontario	Chief Financial Officer, and Director	From November 2009 to present - Chief Financial Officer, SAM From November 2009 to present - Chief Financial Officer, Scotia Asset Management G.P. Inc. From May 2002 to present - Vice President, Scotiabank From February 1990 to present - Vice President, Treasurer, Chief Financial Officer - Scotia Securities Inc.
Edna A. Chu Toronto, Ontario	Vice President, Compliance and Director	Since August, 2011 to present – Chief Compliance Officer (Investment Fund Manager), SAM From March 2010 to present - Vice President, Compliance , SAM From November 2009 to present - Vice President, Compliance, Scotia Asset Management G.P. Inc. From September 2006 to present - Vice President, Compliance, Scotia Securities Inc. From September 2006 to present - Vice President, Deputy Head, Compliance, Wealth Management, Scotiabank
Tony S. Cestra* Oakville, Ontario	Director	From May 2009 to present - Managing Director & Head, Equity Investments & Pension Assets, Scotiabank From May 2006 to April 2009 - Managing Director & Head, Private Equity Investments, Scotiabank
Brian D. McChesney* Unionville, Ontario	Director	From July 1985 to present - Managing Director, Scotia Capital Inc.
Roxana Tavana Toronto, Ontario	Secretary	Vice-President, Legal and Secretary, GCIC Ltd.

* Member of the Audit Committee of the Board of Directors

The Manager

SAM acts as the manager of the funds pursuant to a master management agreement (the “Master Management Agreement”) dated as of February 14, 2005, as assigned to SAM on November 1, 2009, and as further amended and restated as of May 18, 2012.

Pursuant to the Master Management Agreement, SAM is required to provide, or cause to be provided, portfolio management to the funds, including all decisions as to the purchase and sale of portfolio securities and as to the execution of all portfolio transactions, and all necessary or advisable administrative services and facilities including valuation, fund accounting and shareholder records. The Master Management Agreement provides that the Manager may engage

or employ any person to perform administrative functions on behalf of the funds, and brokers or dealers in connection with the portfolio transactions of the funds.

The Master Management Agreement may only be assigned upon consent of the other party and in compliance with all applicable laws, regulations and other restrictions of regulatory authorities in Canada. No changes to the Master Management Agreement may be made without the approval of shareholders where required by law, regulations or policies of securities regulatory authorities. Where such laws, regulations or policies do not require shareholder approval, the provisions of the Master Management Agreement may be amended with the approval of the board of directors and the Manager.

The Manager receives, pursuant to the Master Management Agreement, fees from the funds in respect of certain series of shares of a fund as described in the simplified prospectus. The funds are required to pay tax on the fees which they pay to the Manager, as well as on most other goods and services they acquire.

Reductions in management fees for the funds can be negotiated between the Manager and certain investors in the funds. The management fee rebates are paid by the Manager to the investor and are automatically reinvested in additional shares of the relevant fund. The management fee rebates are intended to attract large investments that might not otherwise be invested in the funds. Eligibility for management fee rebates for shareholders of the funds is based on the size of the investment made or held in one or more funds. The Manager may discontinue these rebates at any time upon written notice to the investor's dealer.

For additional information concerning the management of the funds, you should refer to *Material Contracts* in this annual information form.

Officers and Directors of the General Partner of Scotia Asset Management L.P.

The names and municipalities of residence of the directors and officers of Scotia Asset Management G.P. Inc., the general partner of the Manager, their principal occupations over the past five years, and the positions and offices held with Scotia Asset Management G.P. Inc. are as follows:

Name and Municipality of Residence	Position with Scotia Asset Management G.P. Inc.	Principal occupation in the past five years
Jordy W. Chilcott Oakville, Ontario	Chair of the Board and Director	Executive Vice President, Head of Dynamic, GCIC Ltd.

Name and Municipality of Residence	Position with Scotia Asset Management G.P. Inc.	Principal occupation in the past five years
Neil C. Macdonald Toronto, Ontario	Chief Executive Officer and Director	<p>From October, 2011 to present – Chief Executive Officer, Scotia Asset Management G.P. Inc.</p> <p>From October, 2011 to present – Chief Executive Officer, SAM</p> <p>From June 2007 to October 2011 – Managing Director, SAM</p> <p>From August 2002 to June 2007 – Vice President, AGF Investments</p>
Walter A. Pavan Oakville, Ontario	Chief Financial Officer and Director	<p>From November 2009 to present - Chief Financial Officer, SAM</p> <p>From November 2009 to present - Chief Financial Officer, Scotia Asset Management G.P. Inc.</p> <p>From May 2002 to present - Vice President, Scotiabank</p> <p>From February 1990 to present - Vice President, Treasurer, Chief Financial Officer - Scotia Securities Inc.</p>
Edna A. Chu Toronto, Ontario	Vice President, Compliance and Director	<p>Since August, 2011 to present – Chief Compliance Officer (Investment Fund Manager), SAM</p> <p>From March 2010 to present - Vice President, Compliance , SAM</p> <p>From November 2009 to present - Vice President, Compliance, Scotia Asset Management G.P. Inc.</p> <p>From September 2006 to present - Vice President, Compliance, Scotia Securities Inc.</p> <p>From September 2006 to present - Vice President, Deputy Head, Compliance, Wealth Management, Scotiabank</p>
Glen B. Gowland Caledon, Ontario	Director	<p>From October 2011 to present – Managing Director and Head, Scotia Private Client Group Canada and Global Institutional Business, SAM</p> <p>From November 2009 to October 2011 -</p>

Name and Municipality of Residence	Position with Scotia Asset Management G.P. Inc.	Principal occupation in the past five years
		<p>Chief Executive Officer , Scotia Asset Management G.P. Inc.</p> <p>From November 2009 to October 2011 - Chief Executive Officer, SAM</p> <p>From November 2006 to October 2011 - Managing Director and Head, Mutual Funds, Scotiabank</p> <p>From June 2006 to October 2011- President and Chief Executive Officer, Scotia Securities Inc.</p>
Hamish B. Angus Toronto, Ontario	Director	From September, 2004 to present - Managing Director & Head, ScotiaMcLeod Full Service Brokerage, Scotia Capital Inc.
P.D. Michael Henry Mississauga, Ontario	Director	<p>From May 2011 to present – Senior Vice President, Retail Payments, Commercial Deposits & Lending, Canadian Banking</p> <p>From October 2008 to present - Senior Vice President, Sales & Service, Personal & Commercial Banking, Scotiabank</p> <p>From March 2006 to October 2008 - Managing Director, Private Client and Institutional, Scotia Cassels Investment Counsel Limited</p>
Tony S. Cestra Oakville, Ontario	Director	<p>From May 2009 to present - Managing Director & Head, Equity Investments & Pension Assets, Scotiabank</p> <p>From May 2006 to April 2009 - Managing Director & Head, Private Equity Investments, Scotiabank</p>
Brian D. McChesney Unionville, Ontario	Director	From July 1985 to present - Managing Director, Scotia Capital Inc.
Jean-Francois Thibault Toronto, Ontario	Director	Director and Executive Vice President, GCIC Ltd. and Executive Vice President, DundeeWealth Inc.
Wesley G. S. Mills Toronto, Ontario	Chief Investment Officer	From April 2011 to present - Chief Investment Officer, SAM

Name and Municipality of Residence	Position with Scotia Asset Management G.P. Inc.	Principal occupation in the past five years
		<p>From April 2011 to present – Chief Investment Officer, Scotia Asset Management G.P. Inc.</p> <p>From November 2009 to April 2011 - Managing Director, Equities, SAM</p> <p>From September 2008 to November 2009 – Managing Director, Equities, Scotia Cassels Investment Counsel Limited</p> <p>From June 2006 to September 2008 – Managing Director, Private Client, Scotia Cassels Investment Counsel Limited</p>
Helena Lau Toronto, Ontario	Secretary	<p>From November 2009 to present – Secretary, SAM</p> <p>From November 2009 to present – Secretary, Scotia Asset Management G.P. Inc.</p> <p>From June 2006 to present – Senior Assistant Manager Subsidiaries and Assistant Secretary, Scotiabank</p> <p>From November 2009 to present – Secretary, Scotia Securities Inc.</p>

Officers of Scotia Asset Management L.P.

The names and municipalities of residence of the officers of Scotia Asset Management L.P., their principal occupations over the past five years, and the positions and offices held with SAM are as follows:

Name and Municipality of Residence	Position with SAM	Principal occupation in the past five years
Neil C. Macdonald Toronto, Ontario	Chief Executive Officer	<p>From October 2011 to present – Chief Executive Officer, SAM</p> <p>From October 2011 to present – Chief Executive Officer, Scotia Asset Management G.P. Inc.</p> <p>From June 2007 to October 2011 – Managing Director, SAM</p> <p>From August 2002 to June 2007 – Vice President, the Manager Investments</p>

Name and Municipality of Residence	Position with SAM	Principal occupation in the past five years
Walter A. Pavan Oakville, Ontario	Chief Financial Officer	<p>From November 2009 to present - Chief Financial Officer, SAM</p> <p>From November 2009 to present - Chief Financial Officer, Scotia Asset Management G.P. Inc.</p> <p>From May 2002 to present - Vice President, Scotiabank and Managing Director, Scotia Capital Inc.</p> <p>From February 1990 to present - Vice President, Treasurer, Chief Financial Officer, Scotia Securities Inc.</p>
Wesley G.S. Mills Toronto, Ontario	Chief Investment Officer	<p>From April 2011 to present - Chief Investment Officer, SAM</p> <p>From April 2011 to present – Chief Investment Officer, Scotia Asset Management G.P. Inc.</p> <p>From November 2009 to April 2011 - Managing Director, Equities, SAM</p> <p>From September 2008 to November 2009 – Managing Director, Equities, Scotia Cassels Investment Counsel Limited</p> <p>From June 2006 to September 2008 – Managing Director, Private Client, Scotia Cassels Investment Counsel Limited</p>
M. Catherine Tuckwell Toronto, Ontario	Chief Compliance Officer (Portfolio Manager)	<p>From November 2009 to present - Chief Compliance Officer (Portfolio Manager), SAM</p> <p>From November 2009 to present - Chief Compliance Officer, Scotia Asset Management U.S. Inc.</p> <p>From December 1998 to September 2009 - Chief Compliance Officer, Scotia Cassels Investment Counsel Limited</p> <p>From June 2002 to October 2009 – Chief Compliance Officer, Scotia Cassels U.S. Investment Counsel Inc.</p>

Name and Municipality of Residence	Position with SAM	Principal occupation in the past five years
Edna A. Chu Toronto, Ontario	Vice President, Compliance and Chief Compliance Officer (Investment Fund Manager)	<p>From August 2011 to present – Chief Compliance Officer (Investment Fund Manager), SAM</p> <p>From March 2010 to present - Vice President, Compliance, SAM</p> <p>From November 2009 to present - Vice President, Compliance, Scotia Asset Management G.P. Inc.</p> <p>From September 2006 to present - Vice President, Compliance, Scotia Securities Inc.</p> <p>From September 2006 to present - Vice President, Deputy Head, Compliance, Wealth Management, Scotiabank</p>
Tuula Jalasjaa Mississauga, Ontario	Managing Director and Head, Investment Management Distribution	<p>From November 2009 to present - Managing Director and Head, Investment Management Distribution, SAM</p> <p>From October 2008 to October 2009 - Managing Director and Head, Investment Management Distribution, Scotia Cassels Investment Counsel Limited</p> <p>From November 2004 to October 2008 - Vice President, Strategic Business Development, Global Transaction Banking, Scotiabank</p>
Glen B. Gowland Caledon, Ontario	Officer	<p>From October 2011 to present – Managing Director and Head, Scotia Private Client Group Canada and Global Institutional Business, SAM</p> <p>From November 2009 to October 2011 - Chief Executive Officer , Scotia Asset Management G.P. Inc.</p> <p>From November 2009 to October 2011 - Chief Executive Officer, SAM</p> <p>From November 2006 to October 2011 - Managing Director and Head, Mutual Funds, Scotiabank</p> <p>From June 2006 to October 2011- President and Chief Executive Officer, Scotia Securities Inc.</p>

Name and Municipality of Residence	Position with SAM	Principal occupation in the past five years
Helena Lau Toronto, Ontario	Secretary	From November 2009 to present - Secretary, SAM From November 2009 to present - Secretary, Scotia Asset Management G.P. Inc. From June 2006 to present - Senior Assistant Manager Subsidiaries and Assistant Secretary, Scotiabank From November 2009 to present – Secretary, Scotia Securities Inc.
Ian Raycroft Oakville, Ontario	Officer	From September 2009 to present – Director and Portfolio Manager, Managed Accounts, SAM From July 2007 to September 2009 - Director & Portfolio Manager, Private Client Fund Management, Scotia Cassels Investment Counsel Limited From September, 1998 to July 2007 – Portfolio Manager, Private Client Fund Management, Scotia Cassels Investment Counsel Limited

The Portfolio Advisors and Sub-advisors

Pursuant to the Master Management Agreement as described under *Material Contracts*, SAM acts as portfolio advisor to ScotiaFunds, including the Corporate Funds. The individual providing advice is as follows:

Portfolio Manager	Current Title	Length of Service with Portfolio Advisor	Principal occupation in the last 5 years
Wes Mills	Chief Investment Officer	18 years	From March 2011 to present – Chief Investment Officer, SAM From November 2009 to March 2011 – Managing Director, Equities, SAM From September 2008 to November 2009 – Managing Director, Equities, Scotia Cassels Investment Counsel Limited From June 2006 to September 2008 – Managing Director, Private

			Client, Scotia Cassels Investment Counsel Limited
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GCIC Ltd. (“GCICL”) is a portfolio advisor to Scotia Short Term Yield Class, Scotia Conservative Government Bond Capital Yield Class, Scotia Canadian Corporate Bond Capital Yield Class, Scotia Canadian Dividend Class, Scotia Private Canadian Equity Class, Scotia Private U.S. Dividend Class, and Scotia Private U.S. Equity Class. GCICL is a wholly-owned subsidiary of DundeeWealth Inc., which is itself a wholly-owned subsidiary of Scotiabank,. The individuals providing advice is as follows:

Portfolio Manager	Current Title	Length of Service with Portfolio Sub-advisor	Principal occupation in the last 5 years
Kevin Pye <i>Scotia Conservative Government Bond Capital Yield Class</i>	Portfolio Manager	1 year	Joined GCICL in March 2011 From October 2010 to March 2011- Portfolio Manager, Fixed Income, SAM Prior to October 2010, Manager, Bond Investments, The Economical Insurance Group
Bill Girard <i>Scotia Short Term Yield Class Scotia Canadian Corporate Bond Capital Yield Class</i>	Portfolio Manager	16 years	Joined GCICL in March 2011 From November 2009 to March 2011- Director, Fixed Income - Credit, SAM From October 2003 to November 2009 – Director, Fixed Income - Credit, Scotia Cassels Investment Counsel Limited
Jason Gibbs <i>Scotia Canadian Dividend Class</i>	Vice President and Portfolio Manager	12 years	Joined GCICL in May 2000
Sue Lavigne <i>Scotia Private Canadian Equity Class Scotia Private U.S. Dividend Class</i>	Portfolio Manager	8 years	Joined GCICL in March 2011 From November 2009 to March 2011- Director, Canadian Equities, SAM From August 2003 to November 2009 – Director, Canadian Equities, Scotia Cassels Investment Counsel Limited
David Fingold <i>Scotia Private U.S. Equity Class</i>	Vice President and Portfolio Manager	10 years	Joined GCICL in January 2002
Izet Elmazi <i>Scotia Private U.S.</i>	Portfolio Manager	4 years	Joined GCICL in February 2008 Prior to that, he was Associate,

<i>Equity Class</i>			Equity Research with The Toronto Dominion Bank
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Aurion Capital Management Inc. (“Aurion”) is a portfolio advisor to the Scotia INNOVA Income Portfolio Class and the Scotia INNOVA Balanced Income Portfolio Class. DundeeWealth Inc. (“DundeeWealth”) owns 60% of Aurion. DundeeWealth is a wholly owned subsidiary of Scotiabank and part of Scotiabank’s Global Wealth Management division. The individuals providing advice are as follows:

Portfolio Manager	Current Title	Length of Service with Portfolio Sub-advisor	Principal occupation in the last 5 years
Christine Horoyski	Senior Vice President and Portfolio Manager, Fixed Income	9 years	Portfolio Manager, Fixed Income, Aurion Capital Management Inc.
Nicole White	Director and Portfolio Manager, Fixed Income and Currency	16 years	Portfolio Manager, Fixed Income, Aurion Capital Management Inc.
Derek Johnson	Director, Fixed Income	3 years	From July, 2009 to present – Analyst, Fixed Income, Aurion Capital Management Inc. From June 2009 to July 2009 – Senior Analyst, TD Bank From February 2009 to May 2009 – Proprietary Trader, Infinium Capital Corporation From June 2007 to January 2009 – Analyst, Credit Risk Advisors From July 2005 to May 2007 – Product Development, Thomson Financial

CI Investments Inc. (“CI”) is a portfolio advisor to the Scotia Global Dividend Class. CI is an associate of Scotiabank. The individuals providing advice are as follows:

Portfolio Manager	Current Title	Length of Service with Portfolio Sub - advisor (or an affiliated entity)	Principal occupation in the last 5 years
Eric B. Bushnell	Senior Vice-President, Portfolio Management	16 years	From January 2000 to present - Senior Vice-President, Portfolio Management, CI Investments Inc.
John W. Hadwen	Vice-President, Portfolio Management	3 years	<p>Prior to August 2006 - Portfolio Manager, Goodman & Company, Investment Counsel Ltd.</p> <p>From August 2006 to July 2007 - Vice President, Investments, KBSH Capital Management Inc.</p> <p>From July 2007 to present - Vice-President, Portfolio Management, CI Investments Inc.</p>

Fund Governance

SAM, the manager of the funds, is responsible for the day-to-day administration and management of the funds. SAM is the portfolio advisor of the funds.

SAM complies with National Instrument 81-105 *Mutual Fund Sales Practices*. SAM has adopted a Personal Trading Policy for employees that addresses potential internal conflicts of interest in respect of the funds. In addition, Scotiabank has adopted Guidelines for Business Conduct, which also addresses the issue of internal conflicts.

Independent Review Committee

SAM appointed the initial Independent Review Committee (“IRC”), the governance agency for the funds as required by National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”). The members of the IRC are independent from, the Manager, Scotiabank, GCICL or any of the funds’ other portfolio advisors and currently are Carol Perry, Robert S. Bell and D. Murray Paton. The IRC must act in the best interests of the funds’ shareholders.

The mandate of the IRC is to:

- (i) review a conflict of interest matter, including any related policies and procedures, referred to it by SAM and make recommendations to SAM regarding whether the proposed action of SAM in respect of the conflict of interest matter achieves a fair and reasonable result for the applicable funds;
- (ii) consider and approve, if deemed appropriate, SAM's decision on a conflict of interest matter that SAM refers to the IRC for approval; and
- (iii) perform such other duties and provide such other recommendations and approvals as may be permitted under applicable securities laws.

NI 81-107 also requires that SAM have policies and procedures related to conflicts of interest.

Each member of the IRC receives a fee for attending each meeting of the IRC and each meeting held for education or information purposes, as well as an annual retainer and is reimbursed for reasonable expenses incurred. For the financial year ending December 31, 2011, the chair of the IRC, received \$47,500 and the other two members received \$35,000 as an annual retainer for their services as IRC members. These fees and expenses will be allocated among the mutual funds in the ScotiaFunds, all of which are managed by SAM, in a manner considered fair and reasonable by SAM.

Securities Lending, Repurchase and Reverse Repurchase Transactions

The funds may enter into securities lending, repurchase and reverse repurchase transactions from time to time as discussed under *Investment Restrictions and Practices – Securities Lending, Repurchase and Reverse Repurchase Transactions* above.

Pursuant to the requirements of NI 81-102, the Manager intends to manage the risks associated with securities lending, repurchase and reverse repurchase transactions by requiring that each securities loan be, at a minimum, secured by investment grade collateral and that the collateral held by a fund be at least 102% of the market value of the loaned securities. The amount of collateral will be adjusted daily to ensure this collateral coverage is maintained at all times. All such securities loans will only be with qualified borrowers. In addition, the aggregate market value of all securities lent and sold by a fund will not exceed more than 50% of the total value of its assets, not including collateral or cash held, through securities lending, repurchase and reverse repurchase transactions and the fund's total exposure to any one borrower in securities lending transactions must be less than 10% of the total value of the fund's assets. The fund will comply with all other applicable requirements of securities and tax legislation with respect to securities lending transactions.

Policies and procedures relating to any securities lending, repurchase and reverse repurchase transaction entered into on behalf of a fund will be developed by the Manager and the fund's custodian acting as its agent in administering the transaction. Such policies and procedures will set out (i) the objectives and goals for securities lending, repurchase transactions or reverse repurchase transactions and (ii) the risk management procedures, including limits and other controls on such transactions, applicable to the fund. The Manager will manage the risks

associated with securities lending, repurchase and reverse repurchase transactions by requiring the agent to:

- ensure that collateral is provided in the form of cash, qualified securities or securities that can be converted into the securities which are the subject of the securities lending, repurchase or reverse repurchase transactions;
- value the loaned or purchased securities and the collateral every day to ensure that the collateral is worth at least 102% of the value of the securities;
- invest any cash collateral in accordance with the investment restrictions specified in the agency agreement; and
- invest no more than 50% of the total assets of a fund in securities lending or repurchase transactions at any one time.

The creditworthiness of each qualified borrower to a securities loan will be evaluated by the Manager. Any agreements, policies and procedures that are applicable to the fund relating to securities lending will be reviewed and approved annually by senior management of the Manager. The Board of Directors of the Corporation will also be kept apprised of any securities lending policies.

Proxy Voting Policies and Procedures

We have in place policies and procedures (the “Proxy Voting Policy”) to ensure that proxies relating to securities held by a fund are voted in the best interest of each fund.

SAM’s approach to voting of securities depends on the type of portfolio asset of the fund.

Fund of funds investments

The Corporate Funds may invest in other underlying mutual funds, including mutual funds managed by us. If a securityholder meeting is called for an underlying fund that is managed by us, SAM will not vote the shares of the underlying mutual fund. SAM may arrange for these securities to be voted by securityholders of the applicable fund. However, given the costs and complexity of doing so, SAM may not arrange for a flow-through of voting rights.

Other securities

Where SAM also acts as portfolio advisor for a fund, it has retained the services of a third party consultant with expertise on proxy voting matters to provide proxy voting guidance. SAM reviews each proxy, along with the recommendations made by the consultant with respect to proxy issues and may vote in accordance with such recommendations if appropriate and if consistent with its policies and procedures. Where proxies relate to relatively routine matters, such as the regular appointment of auditors and the election of directors, proxies are generally voted in accordance with management’s recommendations. Where the proxy relates to non-routine matters, such as proposed mergers and reorganizations or a dissident slate of

directors, these matters are brought to the attention of the Chief Investment Officer or to another senior officer of SAM on a case-by-case basis for consideration and final approval.

The Proxy Voting Policy sets out a process to ensure that the Manager can resolve material conflicts of interest relating to proxy voting that may arise between a fund and SAM or its affiliates or individuals making proxy voting decisions. In the case where a material conflict of interest arises, the Proxy Voting Policy permits consulting and following the voting recommendation of a reputable independent proxy voting service provider.

Scotia Short Term Yield Class, Scotia Conservative Government Bond Capital Yield Class, Scotia Canadian Corporate Bond Capital Yield Class, Scotia Canadian Dividend Class, Scotia Private Canadian Equity Class, Scotia Private U.S. Dividend Class, Scotia Private U.S. Equity Class

Generally, GCICL will vote proxies with management of an issuer on routine business, otherwise GCICL will not own or maintain a position in the securities of that issuer. Examples of routine business applicable to an issuer are: voting on the size, nomination and election of the board of directors and the appointment of auditors. All other special or non-routine matters will be assessed on a case-by-case basis with a focus on the potential impact of the vote on the value of a fund's investment in that issuer. Examples of non-routine business are: stock-based compensation plans, executive severance compensation arrangements, shareholders rights plans, corporate restructuring plans, going private transactions in connection with leveraged buyouts, lock-up arrangements, crown jewel defenses, supermajority approval proposals, and stakeholder or shareholder proposals. On occasion, GCICL may abstain from voting a proxy or a specific proxy item when it is concluded that the potential benefit of voting the proxy of that issuer is outweighed by the cost of voting the proxy. In addition, GCICL will not vote proxies received for issuers of portfolio securities which are no longer held in a fund's account.

Scotia INNOVA Income Portfolio and Scotia INNOVA Balanced Income Portfolio

Aurion has adopted a written proxy voting policy and procedures. In the event that Aurion is required to vote a proxy in respect of certain investments it will follow its proxy voting policy. The proxy voting procedures are designed to ensure that proxies are voted in the best interests of clients. In addition, the proxy voting policy includes guidelines if a material conflict of interest arises between Aurion and/or its employees and its clients to ensure that any material conflict of interest is resolved in the best interests of its clients.

Scotia Global Dividend Class

CI follows its Proxy Voting and Policy and Guidelines when voting proxies. The guidelines are not strict rules that must be obeyed in all cases, and proxies may be voted contrary to the vote indicated by the guidelines if the CI deems such a vote in the best interests of the applicable investment fund. CI will vote all securities based upon the guiding principle of optimizing the economic value to the fund's securityholders, and ultimately all votes are cast on a case-by-case basis, taking into consideration the contractual obligations under the advisory agreement or comparable document, and all other relevant facts and circumstances at the time of the vote.

Availability of Proxy Voting Information

The Proxy Voting Policy is available upon request and at no charge by calling 1-800-268-9269 (416-750-3863 in Toronto) for English or 1-800-387-5004 for French, or by writing to SAM at the address on the back cover of this annual information form.

The proxy voting record for each fund for the most recent 12-month period ending June 30 of each year will be available upon request and at no cost at any time after August 31 of that year. The proxy voting record for each fund will also be available on the ScotiaFunds website at www.scotiafunds.com.

Policies on the Use of Derivatives

All of the funds may use derivatives as described in the simplified prospectus. Any use of derivatives by a fund is governed by the Manager's own policies and procedures which set out (i) the objectives and goals of derivatives trading and (ii) the risk management practices, including control policies and procedures, applicable to derivatives trading. These policies and procedures are prepared and reviewed annually by senior management of the Manager. The decision as to the use of derivatives, including the oversight of the limits and controls on derivatives trading, is made by senior portfolio managers of the Manager in accordance with our compliance procedures and risk control measures.

For further information about how the funds use derivatives, refer to *Investment Restrictions and Practices - Derivatives* above and *About derivatives* in the funds' simplified prospectus.

Policies on Short-selling

We have in place policies and procedures relating to short-selling by a fund (including objectives, goals and risk management procedures). Agreements, policies and procedures that are applicable to a fund relating to short-selling (including trading limits and controls in addition to those specified above) are reviewed by our senior management. If we authorize a portfolio advisor or the sub-advisor to engage in short-selling, we delegate responsibility to the fund's portfolio advisor or the sub-advisor. Each third-party portfolio advisor's policies and procedures must guide that portfolio advisor in relation to short-selling. All policies must require compliance with applicable regulatory rules. We review the policies of each third party portfolio advisor to ensure that short-selling will be conducted in accordance with the best interests of the fund. The decision to effect any particular short sale is made by the portfolio advisor and reviewed and monitored as part of the portfolio advisor's ongoing compliance procedures and risk control measures.

The Distributor

The unissued Series A shares offered by the simplified prospectus of the funds are distributed by Scotia Securities Inc. pursuant to an amended and restated distributorship agreement between Scotia Securities Inc. and SAM (the "Master Distributorship Agreement") with effect for each fund as of the date it was created.

Portfolio Transactions and Brokers

SAM or a portfolio advisor or the sub-advisor of a fund, makes decisions as to the purchase and sale of securities and other assets of the funds, as well as decisions regarding the execution of portfolio transactions of a fund, including the selection of market, broker and the negotiation of commissions. In effecting these portfolio transactions, SAM or the portfolio advisor or the sub-advisor may place brokerage business with numerous dealers and brokers on the basis of the best execution, which includes a number of considerations such as price, volume, speed and certainty of execution, and total transaction cost. SAM and each of the portfolio advisors and sub-advisors have policies in place regarding broker selection and best execution and the selection of brokers.

SAM uses the same criteria in selecting all of its dealers and brokers, regardless of whether the dealer or broker is an affiliate of us. In certain circumstances, SAM receives goods or services from dealers or brokers in exchange for directing brokerage transactions to such dealers or brokers. These types of goods and services include research goods and services (“research goods and services”) and order execution goods and services (“order execution goods and services”).

SAM currently has in place brokerage arrangements with its affiliate, Scotia Capital Inc. Scotia Capital Inc. may provide research goods and services, order execution goods and services and mixed-use goods and services in exchange for effecting brokerage transactions.

SAM receives research goods and services, which include: (i) advice as to the value of securities and the advisability of effecting transactions in securities; and (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities. The research goods and services that we are provided in exchange for brokerage commissions include advice, analyses and reports that focus on, among other matters, specific stocks, sectors and economies.

SAM also receives order execution goods and services, such as data analysis, software applications and data feeds. These goods and services may be provided by the executing dealer directly or by a party other than the executing dealer.

In certain instances, SAM may receive goods and services containing some elements that qualify as research goods and services and/or order execution goods and services and other elements that do not qualify as either of such permitted goods and services. These types of goods and services are considered to be mixed-use (“mixed-use goods and services”). If SAM obtains mixed-use goods and services, we only use brokerage commissions to pay for the portion that is used in our investment or trading decisions or in effecting securities transactions, each on behalf of the funds or client accounts.

For those funds for which SAM acts as the portfolio advisor, SAM’s investment management and trade execution teams decide which dealers or brokers are allocated brokerage business based on the competitiveness of the commission costs, their ability to provide best execution of trades and the range of services and quality of research received. SAM may use research goods and services and order execution goods and services to benefit our funds and

clients other than those whose trades generated the brokerage commission. However, SAM has policies and procedures in place such that over a reasonable period of time, all clients, including the funds, receive fair and reasonable benefit in return for the commission generated.

The names of such dealer or third parties, who have provided research goods and services and/or order execution goods and services since the date of the last annual information form, are available upon request by calling us toll-free at 1-800-268-9269 (416-750-3863 in Toronto) for English or 1-800-387-5004 for French, or by email at info@scotiaam.com or by writing to us at the address on the back cover of this annual information form.

Changes to the Corporate Funds

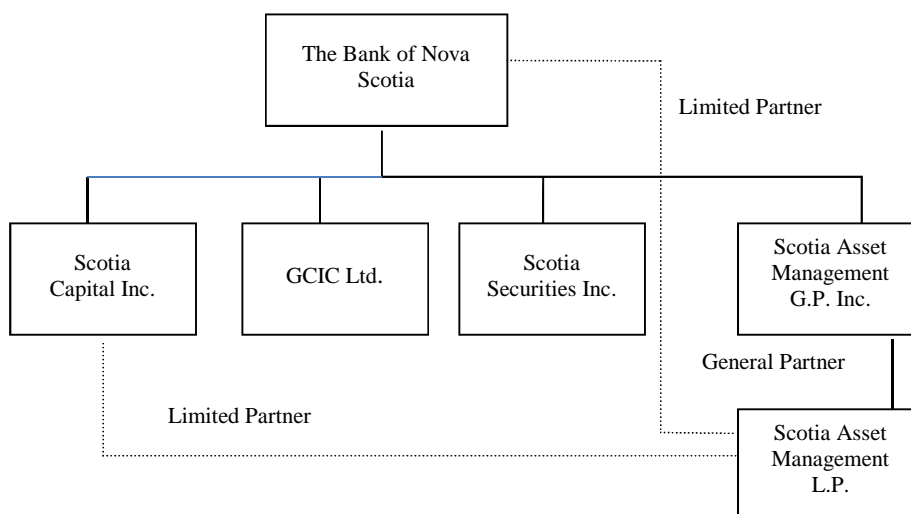
Certain amendments with respect to the funds, such as a change in the fundamental investment objectives of a fund, or any other change for which the approval of shareholders is required by securities regulatory authorities or pursuant to the CBCA, may not be made without the approval of a majority of votes cast at a meeting of shareholders duly called for that purpose.

The Promoter

SAM is the promoter of the funds. SAM received, and will receive, remuneration from, and in respect of, such funds as set out under the headings *The Manager* and *Material Contracts*.

Affiliated Entities

The only affiliated entities that provide services to the funds and to the Manager in connection with the funds are Scotiabank, Scotia Capital Inc., and Scotia Securities Inc.. The amount of fees received from a fund by these entities each year is disclosed in the fund’s audited annual financial statements. The following diagram shows the relationship between the Manager and these entities:



Principal Holders of Securities

As at May 18, 2012, Scotiabank owned all of the issued and outstanding shares of Scotia Asset Management G.P. Inc., which is the general partner of SAM, and owned directly and indirectly 100% of SAM. As at May 18, 2012, the Manager was the only holder of Series A shares of the funds. The special voting share is held by the SAM Corporate Class Trust (the "Trust") for the benefit of the holders of all classes and series of mutual fund shares issued by the Corporation from time to time, excluding the holder of a series of any class of mutual fund shares representing seed capital contributed by the Manager. The Trust will exercise the voting powers associated with the special voting share to elect the directors of the Corporation and any other matter not requiring approval by the mutual fund shareholders.

As at May 18, 2012, IRC members, in aggregate, did not own, directly or indirectly, any securities of any series of a fund. As at May 18, 2012, IRC members did not own any securities of SAM or a service provider to the ScotiaFunds or SAM, other than common shares of Scotiabank. Such holdings represented less than 1% of the outstanding common shares of Scotiabank.

Material Contracts

Copies of the Articles, the Master Management Agreement, the Master Distributorship Agreement, and the Custodian Agreement are available for inspection at the head office of SAM during normal business hours.

Articles of Incorporation

That Corporation was incorporated under the CBCA by Certificate and Articles of Incorporation dated April 17, 2012.

Master Management Agreement

The Master Management Agreement dated February 14, 2005, as assigned from Scotia Securities Inc. to SAM on November 1, 2009 and as amended and restated as of May 18, 2012, is between SAM as the manager, the Corporation on behalf of the Corporate Funds, the LP Funds by their respective general partners, and SAM, in its capacity as trustee of the Trust Funds, with effect for each fund as of the date it was created. The initial term of the Manager in respect of a fund is five years and is automatically renewed for a further five years unless terminated in accordance with the provisions of the Agreement. The Master Management Agreement may be terminated at any time by the Manager giving at least 90 days' prior notice to a fund of such termination and by the trustee of a Trust Fund, the board of directors of the Corporation in respect of a Corporate Fund or the general partner of an LP Fund with securityholder approval on 90 days' written notice to the Manager prior to the expiry of the term or at any time by the trustee of the Trust Funds, the board of directors of the Corporation in respect of Corporate Funds or the general partners of LP Funds if bankruptcy or insolvency or other proceedings relating to the Manager are commenced and such proceedings are not stayed within 60 days.

Master Distributorship Agreement

The Master Distributorship Agreement, as amended and restated as of May 18, 2012, is between Scotia Securities Inc. and the Manager on behalf of the ScotiaFunds, including in respect of Series A shares of the funds, with effect for each ScotiaFund as of the date it was created. Provided that the terms of the Master Distributorship Agreement are satisfied, Scotia Securities Inc. may appoint participating dealers. The Master Distributorship Agreement may be terminated at any time upon the request of the distributor or by agreement of the distributor and the Manager, or after six months following a securityholders' meeting approving the termination.

Custodian Agreement

Scotiabank acts as custodian of the ScotiaFunds' portfolio securities pursuant to the Custodian Agreement, as amended and restated as of May 18, 2012, between the Manager on behalf of the ScotiaFunds and Scotiabank. The funds pay all reasonable fees and expenses of Scotiabank for custodial services, including safekeeping and administrative services. The Custodian Agreement permits Scotiabank to appoint sub-custodians on the same terms and conditions it has with each of the ScotiaFunds, and may be terminated by either party giving at least 60 days prior notice to the other of such termination. As of the date of this annual information form, The Bank of New York, New York, U.S.A., acts as principal sub-custodian of the ScotiaFunds.

Investment Advisory Agreements

GCICL is a portfolio advisor to Scotia Short Term Yield Class, Scotia Conservative Government Bond Capital Yield Class, Scotia Canadian Corporate Bond Capital Yield Class, Scotia Canadian Dividend Class, Scotia Private Canadian Equity Class, Scotia Private U.S. Dividend Class, and Scotia Private U.S. Equity Class pursuant to an Investment Advisory Agreement dated April 1, 2011, as amended between GCICL and the Manager. The Manager is responsible for the payment of GCICL's fees.

Aurion is a portfolio advisor to the Scotia INNOVA Income Portfolio Class and the Scotia INNOVA Balanced Income Portfolio Class pursuant to an Investment Advisory Agreement dated as of February 21, 2012, as amended, between Aurion and the Manager. The Manager is responsible for the payment of Aurion's fees.

CI is a portfolio advisor to the Scotia Global Dividend Class pursuant to an Investment Advisory Agreement dated August 27, 2010, as amended, between CI and the Manager. The Manager is responsible for the payment of CI's fees.

Related Party Transactions

The Manager receives management fees and administration fees from the funds as described under the sub-heading *The Manager* above. The fees received by the Manager are disclosed in the financial statements of the funds.

Scotiabank may earn some income as a result of providing custodial services, including safekeeping and administrative services, and shareholder recordkeeping services to the funds and

as a result of acting as agent in respect of securities lending, repurchase and reverse repurchase transactions.

SAM will earn income as a result of providing portfolio management services to certain funds. Scotia Capital Inc. will earn brokerage fees as a result of providing trade execution services for certain funds from time to time.

Funds that invest in underlying funds that are managed by the Manager or an associate or affiliate of the Manager will not vote any of the securities of those underlying funds. The Manager may, however, arrange for shareholders to vote their share of those securities.

Auditor, Transfer Agent and Registrar

PricewaterhouseCoopers LLP, Chartered Accountants, is the auditor of the funds.

The auditor of the funds may only be changed with the approval of the IRC and upon providing shareholders of the funds with 60 days' advance written notice as permitted by the CSA.

SAM acts as the registrar and transfer agent for the funds pursuant to the registrar and transfer agency agreement described above. SAM has made arrangements to have certain registrar and transfer agency functions performed by Scotiabank.

Exemptions and Approvals

For a discussion of the exemptions that the funds have received from the Canadian securities administrators, see *Investment Restrictions And Practices - Related Party Investments, Related Party Transactions and Offerings Involving a Related Underwriter*.

AUDITOR'S CONSENT

Scotia Short Term Yield Class
Scotia Conservative Government Bond Capital Yield Class
Scotia Canadian Corporate Bond Capital Yield Class
Scotia Canadian Dividend Class
Scotia Private Canadian Equity Class
Scotia Private U.S. Dividend Class
Scotia Private U.S. Equity Class
Scotia Global Dividend Class
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Balanced Income Portfolio Class
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Maximum Growth Portfolio Class

(the Funds)

We have read the simplified prospectus and related annual information form of the Funds dated May 18, 2012, relating to the distribution and sale of Series A shares and Series M shares, as applicable, of each of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned simplified prospectus of our report to the directors of Scotia Corporate Class Inc., issuer of the shares of the Funds, on each of their statement of net assets as at May 15, 2012. Our report is dated May 18, 2012.

(signed) "*PricewaterhouseCoopers LLP*"

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
May 18, 2012

CERTIFICATE OF THE FUNDS

May 18, 2012

Scotia Short Term Yield Class
Scotia Conservative Government Bond Capital Yield Class
Scotia Canadian Corporate Bond Capital Yield Class
Scotia Canadian Dividend Class
Scotia Private Canadian Equity Class
Scotia Private U.S. Dividend Class
Scotia Private U.S. Equity Class
Scotia Global Dividend Class
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Balanced Income Portfolio Class
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Maximum Growth Portfolio Class

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of all provinces and territories of Canada and do not contain any misrepresentations.

“Neil C. Macdonald”

Neil C. Macdonald
Chief Executive Officer
Scotia Corporate Class Inc.

“Walter A. Pavan”

Walter A. Pavan
Chief Financial Officer
Scotia Corporate Class Inc.

ON BEHALF OF
the Board of Directors of Scotia Corporate Class Inc.

“Jordy W. Chilcott”

Jordy W. Chilcott
Director

“Edna A. Chu”

Edna A. Chu
Director

CERTIFICATE OF THE MANAGER AND PROMOTER

May 18, 2012

Scotia Short Term Yield Class
Scotia Conservative Government Bond Capital Yield Class
Scotia Canadian Corporate Bond Capital Yield Class
Scotia Canadian Dividend Class
Scotia Private Canadian Equity Class
Scotia Private U.S. Dividend Class
Scotia Private U.S. Equity Class
Scotia Global Dividend Class
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Balanced Income Portfolio Class
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Maximum Growth Portfolio Class

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus as required by the securities legislation of each province and territory of Canada and do not contain any misrepresentation.

“Neil C. Macdonald”

Neil C. Macdonald

Chief Executive Officer

Scotia Asset Management G.P. Inc., as
General Partner for and on behalf of Scotia
Asset Management L.P. as manager and
promoter of the funds

“Walter A. Pavan”

Walter A. Pavan

Chief Financial Officer

Scotia Asset Management G.P. Inc., as
General Partner for and on behalf of Scotia
Asset Management L.P. as manager and
promoter of the funds

ON BEHALF OF

the Board of Directors of Scotia Asset Management G.P. Inc., as General Partner for and on
behalf of Scotia Asset Management L.P., as Manager and Promoter of the funds

“Glen B. Gowland”

Glen B. Gowland

Director

“Edna A. Chu”

Edna A. Chu

Director

CERTIFICATE OF THE PRINCIPAL DISTRIBUTOR
(Series A shares)

May 18, 2012

Scotia Conservative Government Bond Capital Yield Class
Scotia Canadian Dividend Class
Scotia Global Dividend Class
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Balanced Income Portfolio Class
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Maximum Growth Portfolio Class

To the best of our knowledge, information and belief, this annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus as required by the securities legislation of each province and territory of Canada and do not contain any misrepresentation.

Scotia Securities Inc.
as Principal Distributor of the Series A shares of
the funds

By: "Edna A. Chu"

Edna A. Chu
Director

ScotiaFunds®

Series A shares

Scotia Conservative Government Bond Capital Yield Class
Scotia Canadian Dividend Class
Scotia Global Dividend Class
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Balanced Income Portfolio Class
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Maximum Growth Portfolio Class

Series M shares

Scotia Short Term Yield Class
Scotia Conservative Government Bond Capital Yield Class
Scotia Canadian Corporate Bond Capital Yield Class
Scotia Canadian Dividend Class
Scotia Private Canadian Equity Class
Scotia Private U.S. Dividend Class
Scotia Private U.S. Equity Class

Managed by:

Scotia Asset Management L.P.
52nd Floor
40 King Street West
Toronto, Ontario
M5H 1H1

www.scotiafunds.com

1.800.268.9269

info@scotiaam.com

Additional information about the funds is available in the funds' Fund Facts, management reports of fund performance and financial statements.

You can get a copy of the funds' financial statements and management reports of fund performance free of charge by calling 1-800-268-9269 (416-750-3863 in Toronto) for English or 1-800-387-5004 for French, or from your registered investment professional or on our website at www.scotiafunds.com.

These documents and other information about the funds, such as information circulars and material contracts, are also available at www.sedar.com.

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