

# ScotiaFunds®

## Annual Information Form

November 20, 2012

### Cash Equivalent Funds

Scotia T-Bill Fund (Series A units)

Scotia Premium T-Bill Fund (Series A units)

Scotia Money Market Fund (Series A, Series I, Premium Series, Series M and Advisor Series units)

Scotia U.S. \$ Money Market Fund (Series A units)

### Income Funds

Scotia Short Term Bond Fund (Series M units)

Scotia Private Short-Mid Government Bond Pool (Series I and Series M units)

Scotia Mortgage Income Fund (Series A, Series F and Series I units)

Scotia Bond Fund (Series A and Series I units)

Scotia Canadian Income Fund (Series A, Series F, Series I, Series M and Advisor Series units)

Scotia Private Canadian Corporate Bond Pool (Series I and Series M units)

Scotia U.S. \$ Bond Fund (Series A and Series F units)

Scotia Global Bond Fund (Series A, Series F and Series I units)

### Balanced Funds

Scotia Private Advantaged Income Pool (Series M units)

Scotia Diversified Monthly Income Fund (Series A, Series F and Advisor Series units)

Scotia Income Advantage Fund (Series A units)

Scotia Canadian Balanced Fund (Series A and Series F units)

Scotia Canadian Dividend Income Fund (Series A and Series I units)

Scotia Canadian Tactical Asset Allocation Fund (Series A, Series F and Advisor Series units)

Scotia Global Balanced Fund (Series A and Series I units)

Scotia U.S. \$ Balanced Fund (Series A units)

### Equity Funds

#### *Canadian and U.S. Equity Funds*

Scotia Private Canadian Preferred Share Pool (Series I and Series M units)

Scotia Canadian Dividend Fund (Series A, Series F, Series I, Series M and Advisor Series units)

Scotia Canadian Blue Chip Fund (Series A, Series F and Series I units)

Scotia Private Canadian Equity Pool (Series I and Series M units)

Scotia Canadian Growth Fund (Series A, Series F, Series I and Advisor Series units)

Scotia Canadian Small Cap Fund (Series A, Series F, Series I and Series M units)

Scotia Resource Fund (Series A, Series F and Series I units)

Scotia Private North American Equity Pool (Series M units)

Scotia Private Cyclical Opportunities Pool (Series M units)

Scotia Private Real Estate Income Pool (Series I and Series M units)  
Scotia U.S. Dividend Fund (Series A and Series I units)  
Scotia Private U.S. Dividend Pool (Series I and Series M units)  
Scotia Private U.S. Equity Pool (Series I and Series M units)  
Scotia U.S. Blue Chip Fund (Series A, Series F and Series I units)  
Scotia U.S. Opportunities Fund (*formerly Scotia U.S. Value Fund*) (Series A, Series F and Series I units)

### ***International Equity Funds***

Scotia Private International Core Equity Pool (Series I and Series M units)  
Scotia International Value Fund (Series A, Series F, Series I and Advisor Series units)  
Scotia European Fund (Series A, Series F and Series I units)  
Scotia Pacific Rim Fund (Series A, Series F and Series I units)  
Scotia Latin American Fund (Series A, Series F and Series I units)

### ***Global Equity Funds***

Scotia Global Dividend Fund (Series A and Series I units)  
Scotia Global Growth Fund (Series A, Series F, Series I and Advisor Series units)  
Scotia Global Small Cap Fund (Series A, Series F and Series I units)  
Scotia Global Opportunities Fund (Series A, Series F, Series I and Advisor Series units)  
Scotia Global Climate Change Fund (Series A, Series F, Series I and Advisor Series units)

### **Index Funds**

Scotia Canadian Bond Index Fund (Series A, Series F and Series I units)  
Scotia Canadian Index Fund (Series A, Series F and Series I units)  
Scotia U.S. Index Fund (Series A, Series F and Series I units)  
Scotia CanAm<sup>®</sup> Index Fund (Series A and Series F units)  
Scotia Nasdaq Index Fund (Series A and Series F units)  
Scotia International Index Fund (Series A, Series F and Series I units)

### **Scotia Portfolios**

#### ***Scotia Selected<sup>®</sup> Portfolios***

Scotia Selected Income Portfolio (Series A units)  
Scotia Selected Income & Modest Growth Portfolio (Series A, Series F and Advisor Series units)  
Scotia Selected Balanced Income & Growth Portfolio (Series A, Series F and Advisor Series units)  
Scotia Selected Moderate Growth Portfolio (Series A, Series F and Advisor Series units)  
Scotia Selected Aggressive Growth Portfolio (Series A, Series F and Advisor Series units)

#### ***Scotia Partners Portfolios<sup>®</sup>***

Scotia Partners Diversified Income Portfolio (Series A units)  
Scotia Partners Income & Modest Growth Portfolio (Series A and Series F units)  
Scotia Partners Balanced Income & Growth Portfolio (Series A and Series F units)  
Scotia Partners Moderate Growth Portfolio (Series A and Series F units)  
Scotia Partners Aggressive Growth Portfolio (Series A and Series F units)

***Scotia Vision<sup>®</sup> Portfolios***

Scotia Vision Conservative 2010 Portfolio (Series A units)

Scotia Vision Aggressive 2010 Portfolio (Series A units)

Scotia Vision Conservative 2015 Portfolio (Series A units)

Scotia Vision Aggressive 2015 Portfolio (Series A units)

Scotia Vision Conservative 2020 Portfolio (Series A units)

Scotia Vision Aggressive 2020 Portfolio (Series A units)

Scotia Vision Conservative 2030 Portfolio (Series A units)

Scotia Vision Aggressive 2030 Portfolio (Series A units)

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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## NAMES AND FORMATION OF THE FUNDS

This is the Annual Information Form of the Scotia T-Bill Fund, Scotia Premium T-Bill Fund, Scotia Money Market Fund, Scotia U.S. \$ Money Market Fund, Scotia Short Term Bond Fund, Scotia Private Short-Mid Government Bond Pool Scotia Mortgage Income Fund, Scotia Canadian Income Fund, Scotia Bond Fund, Scotia Private Canadian Corporate Bond Pool, Scotia U.S. \$ Bond Fund, Scotia Global Bond Fund, Scotia Private Advantaged Income Pool, Scotia Diversified Monthly Income Fund, Scotia Income Advantage Fund, Scotia Canadian Balanced Fund, Scotia Canadian Dividend Income Fund, Scotia Canadian Tactical Asset Allocation Fund, Scotia Global Balanced Fund, Scotia U.S. \$ Balanced Fund, Scotia Private Canadian Preferred Share Pool, Scotia Canadian Dividend Fund, Scotia Canadian Blue Chip Fund, Scotia Private Canadian Equity Pool, Scotia Canadian Growth Fund, Scotia Canadian Small Cap Fund, Scotia Resource Fund, Scotia Private North American Equity Pool, Scotia Private Cyclical Opportunities Pool, Scotia Private Real Estate Income Pool, Scotia U.S. Dividend Fund, Scotia Private U.S. Dividend Pool, Scotia Private U.S. Equity Pool, Scotia U.S. Blue Chip Fund, Scotia U.S. Opportunities Fund, Scotia Private International Core Equity Pool, Scotia International Value Fund, Scotia European Fund, Scotia Pacific Rim Fund, Scotia Latin American Fund, Scotia Global Dividend Fund, Scotia Global Growth Fund, Scotia Global Small Cap Fund, Scotia Global Opportunities Fund, Scotia Global Climate Change Fund, Scotia Canadian Bond Index Fund, Scotia Canadian Index Fund, Scotia U.S. Index Fund, Scotia CanAm Index Fund, Scotia Nasdaq Index Fund, Scotia International Index Fund, Scotia Selected Income & Modest Growth Portfolio, Scotia Selected Balanced Income & Growth Portfolio, Scotia Selected Moderate Growth Portfolio, Scotia Selected Aggressive Growth Portfolio, Scotia Selected Income Portfolio, Scotia Partners Diversified Income Portfolio, Scotia Partners Income & Modest Growth Portfolio, Scotia Partners Balanced Income & Growth Portfolio, Scotia Partners Moderate Growth Portfolio, Scotia Partners Aggressive Growth Portfolio, Scotia Vision Conservative 2010 Portfolio, Scotia Vision Aggressive 2010 Portfolio, Scotia Vision Conservative 2015 Portfolio, Scotia Vision Aggressive 2015 Portfolio, Scotia Vision Conservative 2020 Portfolio, Scotia Vision Aggressive 2020 Portfolio, Scotia Vision Conservative 2030 Portfolio and Scotia Vision Aggressive 2030 Portfolio (in this document we refer to these funds individually as a “**Fund**” or collectively as the “**Funds**”). The Funds are a family of mutual funds consisting of open-end mutual fund trusts governed under the laws of Ontario.

Scotia Asset Management L.P. is the manager and the trustee (the “**Manager**”, “**SAM**”, “**we**”, “**us**” or “**our**”) 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. SAM can also be contacted via telephone toll-free, at 1-800-268-9269 (416-750-3863 in Toronto) or via email through its website at [www.scotiabank.com](http://www.scotiabank.com). Information regarding Scotia Asset Management L.P. can be obtained on its website at [www.scotiabank.com](http://www.scotiabank.com).

The following chart describes the manner in which each Fund was created and any amendments to the Funds:

1. Scotia T-Bill Fund (“T-Bill Fund”)

Prior to October 24, 1998 this Fund was named Scotia Excelsior T-Bill Fund.

2. Scotia Premium T-Bill Fund (“Premium T-Bill Fund”)  
Prior to October 24, 1998 this Fund was named Scotia Excelsior Premium T-Bill Fund.
3. Scotia Money Market Fund (“Money Market Fund”)  
Prior to October 24, 1998 this Fund was named Scotia Excelsior Money Market Fund.
4. Scotia U.S. \$ Money Market Fund (“U.S. Money Market Fund”)  
Prior to November 1, 2007 this Fund was named Scotia CanAm U.S. \$ Money Market Fund.  
Prior to October 24, 1998 this Fund was named Scotia CanAm Money Market Fund.
5. Scotia Short Term Bond Fund (“Short Term Bond Fund”)
6. Scotia Private Short-Mid Government Bond Pool (“Government Bond Pool”)  
Prior to August 2, 2011 this Fund was named Scotia Short-Mid Government Bond Fund.  
Prior to December 11, 2009 this Fund was named Scotia Cassels Short-Mid Government Bond Fund.
7. Scotia Mortgage Income Fund (“Mortgage Income Fund”)  
Prior to October 24, 1998 this Fund was named Scotia Excelsior Mortgage Fund.
8. Scotia Bond Fund (“Bond Fund”)
9. Scotia Canadian Income Fund (“Income Fund”)  
Prior to October 24, 1998 this Fund was named National Trust Canadian Bond Fund.
10. Scotia Private Canadian Corporate Bond Pool (“Corporate Bond Pool”)  
Prior to August 2, 2011 this Fund was named Scotia Canadian Corporate Bond Fund.  
Prior to December 11, 2009 this Fund was named Scotia Cassels Canadian Corporate Bond Fund.  
Prior to October 28, 2005 this Fund was named Scotia Canadian Corporate Bond Fund.
11. Scotia U.S. \$ Bond Fund (“U.S. Bond Fund”)  
Prior to November 1, 2007 this Fund was named Scotia CanAm U.S. \$ Income Fund.  
Prior to October 24, 1998 this Fund was named Scotia CanAm Income Fund.

12. Scotia Global Bond Fund (“Global Bond Fund”)  
Prior to November 1, 2007 this Fund was named Scotia CanGlobal Income Fund.  
Prior to October 24, 1998 this Fund was named National Trust International RSP Bond Fund.
13. Scotia Private Advantaged Income Pool (“Advantaged Income Pool”)  
Prior to August 2, 2011 this Fund was named Scotia Advantaged Income Fund.  
Prior to December 11, 2009 this Fund was named Scotia Cassels Advantaged Income Fund.
14. Scotia Diversified Monthly Income Fund (“Monthly Income Fund”)
15. Scotia Income Advantage Fund (“Income Advantage Fund”)
16. Scotia Canadian Balanced Fund (“Balanced Fund”)  
Prior to October 24, 1998 this Fund was named National Trust Balanced Fund.
17. Scotia Canadian Dividend Income Fund (“Dividend Income Fund”)
18. Scotia Canadian Tactical Asset Allocation Fund (“Tactical Allocation Fund”)  
Prior to April 23, 2007 this Fund was named Scotia Total Return Fund.  
Prior to October 24, 1998 this Fund was named Scotia Excelsior Total Return Fund.  
Prior to October 1, 1995 this Fund was named Montreal Trust Excelsior Total Return.
19. Scotia Global Balanced Fund (“Global Balanced Fund”)
20. Scotia U.S. \$ Balanced Fund (“U.S. Balanced Fund”)
21. Scotia Private Canadian Preferred Share Pool (“Preferred Share Pool”)
22. Scotia Canadian Dividend Fund (“Dividend Fund”)  
Prior to October 24, 1998 this Fund was named National Trust Dividend Fund.
23. Scotia Canadian Blue Chip Fund (“Canadian Blue Chip Fund”)
24. Scotia Private Canadian Equity Pool (“Canadian Equity Pool”)  
Prior to August 2, 2011 this Fund was named Scotia Canadian Equity Fund  
Prior to December 11, 2009 this Fund was named Scotia Cassels Canadian Equity Fund.

25. Scotia Canadian Growth Fund (“Canadian Growth Fund”)  
Prior to October 24, 1998 this Fund was named Scotia Excelsior Canadian Growth Fund.  
Prior to October 1, 1995 this Fund was named Montreal Trust Excelsior Fund - Equity Section.
26. Scotia Canadian Small Cap Fund (“Small Cap Fund”)  
Prior to October 24, 1998 this Fund was named National Trust Special Equity Fund.
27. Scotia Resource Fund (“Resource Fund”)  
Prior to November 30, 2001 this Fund was named Scotia Precious Metals Fund.  
Prior to October 24, 1998 this Fund was named Scotia Excelsior Precious Metals Fund.
28. Scotia Private North American Equity Pool (“North American Equity Pool”)  
Prior to August 2, 2011 this Fund was named Scotia North American Equity Fund.  
Prior to December 11, 2009 this Fund was named Scotia Cassels North American Equity Fund.
29. Scotia Private Cyclical Opportunities Pool (“Cyclical Pool”)  
Prior to August 2, 2011 this Fund was named Scotia Cyclical Opportunities Fund.  
Prior to December 11, 2009 this Fund was named Scotia Cassels Cyclical Opportunities Fund.
30. Scotia Private U.S. Dividend Pool (“U.S. Dividend Pool”)
31. Scotia Private U.S. Equity Pool (“U.S. Equity Pool”)  
Prior to August 2, 2011 this Fund was named Scotia U.S. Equity Fund.  
Prior to December, 2009 this Fund was named Scotia Cassels U.S. Equity Fund.
32. Scotia U.S. Blue Chip Fund (“U.S. Blue Chip Fund”)  
Prior to March 7, 2011 this Fund was named Scotia U.S. Growth Fund.  
Prior to November 1, 2007 this Fund was named Scotia American Growth Fund.  
Prior to October 24, 1998 this Fund was named Scotia Excelsior American Equity Growth Fund.
33. Scotia U.S. Opportunities Fund (“U.S. Opportunities Fund”)

- Prior to November 19, 2012 this Fund was named Scotia U.S. Value Fund.
- Prior to April 23, 2007 this Fund was named Capital U.S. Large Companies Fund.
34. Scotia Private International Core Equity Pool (“International Core Equity Pool”)
- Prior to August 2, 2011 this Fund was named Scotia International Equity Fund.
- Prior to December 11, 2009 this Fund was named Scotia Cassels International Equity Fund.
35. Scotia International Value Fund (“International Value Fund”)
- Prior to April 23, 2007 this Fund was named Capital International Large Companies Fund.
36. Scotia European Fund (“European Fund”)
- Prior to November 1, 2007 this Fund was named Scotia European Growth Fund.
- Prior to October 24, 1998 this Fund was named Scotia Excelsior European Fund.
37. Scotia Pacific Rim Fund (“Pacific Rim Fund”)
- Prior to November 1, 2007 this Fund was named Scotia Pacific Rim Growth Fund.
- Prior to October 24, 1998 this Fund was named Scotia Excelsior Pacific Rim Fund.
38. Scotia Latin American Fund (“Latin American Fund”)
- Prior to November 1, 2007 this Fund was named Scotia Latin American Growth Fund.
- Prior to October 24, 1998 this Fund was named Scotia Excelsior Latin American Fund.
39. Scotia Global Dividend Fund (“Global Dividend Fund”)
40. Scotia Global Growth Fund (“Global Fund”)
- Prior to September 18, 2001 this Fund was named Scotia International Growth Fund.
- Prior to October 24, 1998 this Fund was named Scotia Excelsior International Fund.
- Prior to October 1, 1995 this Fund was named Montreal Trust Excelsior Fund - International Section.
41. Scotia Global Small Cap Fund (“Global Small Cap Fund”)
- Prior to April 23, 2007 this Fund was named Capital Global Small Companies Fund.

42. Scotia Global Opportunities Fund (“Global Opportunities Fund”)  
Prior to April 23, 2007 this Fund was named Capital Global Discovery Fund.
43. Scotia Global Climate Change Fund (“Climate Change Fund”)
44. Scotia Canadian Bond Index Fund (“Canadian Bond Index Fund”)
45. Scotia Canadian Index Fund (“Canadian Index Fund”)  
Prior to November 1, 2007 this Fund was named Scotia Canadian Stock Index Fund.  
Prior to October 24, 1998 this Fund was named National Trust Canadian Index Fund.
46. Scotia U.S. Index Fund (“U.S. Index Fund”)  
Prior to November 1, 2007 this Fund was named Scotia American Stock Index Fund.  
Prior to October 24, 1998 this Fund was named National Trust U.S. Index Fund.
47. Scotia CanAm Index Fund (“CanAm Index Fund”)  
Prior to November 1, 2007 this Fund was named Scotia CanAm Stock Index Fund.  
Prior to October 24, 1998 this Fund was named Scotia CanAm Growth Fund.
48. Scotia Nasdaq Index Fund (“Nasdaq Index Fund”)
49. Scotia International Index Fund (“International Index Fund”)  
Prior to November 1, 2007 this Fund was named Scotia International Stock Index Fund.
50. Scotia Selected Income & Modest Growth Portfolio (“Selected Income Portfolio”)  
Prior to November 1, 2007 this Fund was named Scotia Selected Income & Modest Growth Fund.
51. Scotia Selected Balanced Income & Growth Portfolio (“Selected Balanced Portfolio”)  
Prior to November 1, 2007 this Fund was named Scotia Selected Balanced Income & Growth Fund.
52. Scotia Selected Moderate Growth Portfolio (“Selected Moderate Portfolio”)  
Prior to November 1, 2007 this Fund was named Scotia Selected Conservative Growth Fund.
53. Scotia Selected Aggressive Growth Portfolio (“Selected Aggressive Portfolio”)

Prior to November 1, 2007 this Fund was named Scotia Selected Aggressive Growth Fund.

54. Scotia Partners Diversified Income Portfolio (“Diversified Income Portfolio”)

55. Scotia Partners Income & Modest Growth Portfolio (“Income Portfolio”)

56. Scotia Partners Balanced Income & Growth Portfolio (“Balanced Portfolio”)

57. Scotia Partners Moderate Growth Portfolio (“Moderate Growth Portfolio”).

Prior to November 1, 2007 this Fund was named Scotia Partners Conservative Growth Portfolio.

58. Scotia Partners Aggressive Growth Portfolio (“Aggressive Growth Portfolio”)

59. Scotia Vision Conservative 2010 Portfolio (“Conservative 2010 Portfolio”)

Prior to November 1, 2007 this Fund was named Scotia Vision Conservative 2010 Fund.

60. Scotia Vision Aggressive 2010 Portfolio (“Aggressive 2010 Portfolio”)

Prior to November 1, 2007 this Fund was named Scotia Vision Aggressive 2010 Fund.

61. Scotia Vision Conservative 2015 Portfolio (“Conservative 2015 Portfolio”)

Prior to November 1, 2007 this Fund was named Scotia Vision Conservative 2015 Fund.

62. Scotia Vision Aggressive 2015 Portfolio (“Aggressive 2015 Portfolio”)

Prior to November 1, 2007 this Fund was named Scotia Vision Aggressive 2015 Fund.

63. Scotia Vision Conservative 2020 Portfolio (“Conservative 2020 Portfolio”)

Prior to November 1, 2007 this Fund was named Scotia Vision Conservative 2020 Fund.

64. Scotia Vision Aggressive 2020 Portfolio (“Aggressive 2020 Portfolio”)

Prior to November 1, 2007 this Fund was named Scotia Vision Aggressive 2020 Fund.

65. Scotia Vision Conservative 2030 Portfolio (“Conservative 2030 Portfolio”)

Prior to November 1, 2007 this Fund was named Scotia Vision Conservative 2030 Fund.

66. Scotia Vision Aggressive 2030 Portfolio (“Aggressive 2030 Portfolio”)

Prior to November 1, 2007 this Fund was named Scotia Vision Aggressive 2030 Fund.

The above mutual funds are collectively referred to as the “Funds”. The Diversified Income Portfolio, Income Portfolio, Balanced Portfolio, Moderate Growth Portfolio and Aggressive Growth Portfolio are collectively referred to as the “Scotia Partners Portfolios”. The Selected Income Portfolio, Selected Balanced Portfolio, Selected Moderate Portfolio and Selected Aggressive Portfolio are collectively referred to as the “Scotia Selected Portfolios”. The Conservative 2010 Portfolio, Aggressive 2010 Portfolio, Conservative 2015 Portfolio, Aggressive 2015 Portfolio, Conservative 2020 Portfolio, Aggressive 2020 Portfolio, Conservative 2030 Portfolio and Aggressive 2030 Portfolio are collectively referred to as the “Scotia Vision Portfolios”.

Each of the Funds was established under the laws of Ontario and is governed by an Amended and Restated Master Declaration of Trust (the “Master Declaration of Trust”) dated November 24, 2011 and amended on November 19, 2012. For additional information concerning the Master Declaration of Trust, you should refer to “Other Material Information” in this annual information form.

Scotia Asset Management L.P. (“SAM” or the “Manager”) is the trustee and 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 certain provisions of 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 unitholders.

### **The Global Bond Fund**

The Global Bond Fund may invest:

- (a) up to 20% of its net assets in securities issued or guaranteed as to principal and interest by any government or agency thereof (other than a government of Canada or a province thereof or of the United States, in which investment by all of the Funds is unrestricted) or any of the International Bank for Reconstruction and Development (more commonly known as the World Bank), the Inter-American Development Bank, the Asian Development Bank, the Caribbean Development Bank, the International Finance Corporation, the European Bank for Reconstruction and Development and the European Investment Bank (collectively, “permitted agencies”), provided that the securities have a minimum

AA rating by Standard & Poor's Corporation or the equivalent rating by any other rating agency listed in NI 81-102; or

- (b) up to 35% of its net assets in securities issued or guaranteed as to principal and interest by permitted agencies, provided that the securities have a minimum AAA rating by Standard & Poor's Corporation or the equivalent rating by any other rating agency listed in NI 81-102.

The restrictions and practices so adopted are incorporated herein by reference and a copy will be furnished upon request addressed to the distributor of the Fund.

### **The Mortgage Income Fund**

In accordance with National Policy Statement No. 29, as varied by a decision of the Canadian Securities Administrators or securities regulatory authorities ("CSA"), the Mortgage Income Fund will not:

- invest in mortgages, other than first mortgages on real estate situated in Canada which has been appraised by a qualified appraiser (as hereinafter defined);
- invest in mortgages on raw or undeveloped land or in mortgages with loan-to-value ratios exceeding 80% unless such mortgages are insured under the National Housing Act (Canada) or any similar act of a province, or the excess over 80% is insured by an insurance company registered or licensed under the Insurance Companies Act (Canada) or insurance acts or similar acts of a Canadian province or territory;
- invest more than the lesser of \$1,000,000 or 5% of its net assets in any one mortgage so long as it has net assets of less than \$50,000,000, and not more than 2% of its net assets in any one mortgage where it has net assets of \$50,000,000 or more, and for the purposes of this paragraph, a series of mortgages on one condominium development shall be considered as one mortgage;
- invest in mortgages on residential properties of more than 8 units or on commercial and industrial properties until it has net assets of at least \$15,000,000, and then not if, as a result of such investment, more than 40% of its net assets would consist of such mortgages (provided that such mortgages in excess of 20% of its net assets must be insured by an agency of the Government of Canada or of a province of Canada);
- invest in mortgages having an amortization period exceeding 30 years, unless the mortgages are insured under the National Housing Act (Canada) or any similar act of a province, or in mortgages on residential properties of more than 8 units or on commercial and industrial properties having a remaining term to maturity of more than 10 years, or in mortgages on any other classification of property having a remaining term of more than 5 years except that up to 10% of its net assets may be invested in residential mortgages with maturities up to 10 years; and

- borrow money except to cover the redemption of units prior to a realization of assets for such purpose. Such loans shall not in any event exceed 10% of its NAV as at the immediately preceding valuation date and shall be of a temporary nature only.

The term “qualified appraiser” means a bank, trust company, loan company or insurance company, or other person or company which makes appraisals and whose opinions are relied upon in connection with lending or servicing activities, and who in the judgment of SAM is properly qualified to make such a determination.

The Mortgage Income Fund will not invest in mortgages if such acquisition would have the effect of reducing the Fund’s liquid assets to an amount less than the amount established by the following formula:

<b>Net Assets of the Fund (market value)</b>		<b>Amount of Liquid Assets</b>	
\$ 1,000,000 or less	\$100,000		
\$ 1,000,000	\$100,000	+ 10% on next	\$ 1,000,000
\$ 2,000,000	\$200,000	+ 9% on next	\$ 3,000,000
\$ 5,000,000	\$470,000	+ 8% on next	\$ 5,000,000
\$10,000,000	\$870,000	+ 7% on next	\$10,000,000
\$20,000,000	\$1,570,000	+ 6% on next	\$10,000,000
\$30,000,000 or over	\$2,170,000	+ 5% on excess	

The term “liquid assets” means cash or deposits with a Canadian chartered bank or with any trust company registered under the laws of any province of Canada which are cashable or saleable prior to maturity, debt securities valued at market issued or guaranteed by the Government of Canada or of any province of Canada, and money market instruments maturing prior to one year from the date of issue.

National Policy Statement No. 29 permits four general methods to be used by Canadian mutual funds for determining the price at which mortgages may be acquired. Where a mutual fund acquires mortgages from a lending institution with which the fund, its management company and/or the insiders of either of them are dealing at arm’s length, such mortgages must be acquired at that principal amount which produces at least the yield prevailing for the sale of comparable unserviced mortgages by major mortgage lenders under similar conditions. In all other cases, mortgages may only be acquired by a fund according to one of the following three methods:

- (i) at that principal amount which will produce a yield to the fund equal to the interest rate at which the lending institution is making commitments to loan on the security of comparable mortgages at the time of purchase by the fund;

- (ii) at that principal amount which will produce the same yield to the fund as the interest rate charged by the lending institution to the mortgagor on the date of commitment provided that the date of commitment is not more than 120 days prior to the date of acquisition of the mortgage by the fund, and the interest rate is equal to the rate at which the lending institution made commitments to loan on the security of comparable mortgages on the date of commitment; or
- (iii) at that principal amount which will produce a yield to the fund of not more than 1/4 of 1% less than the interest rate at which the lending institution is making commitments, at the time of purchase, to loan on the security of comparable mortgages, provided that the lending institution which sells mortgages to the fund has entered into an agreement to repurchase the mortgages from the fund in circumstances benefiting the fund and that such an agreement is considered by the administrators to justify the difference in yield to the fund.

A fund utilizing the technique described in paragraph (iii) above will realize a yield on its mortgage investments which is less than that resulting from the use of the techniques described in paragraph (i) and paragraph (ii) provided that there is no change in interest rates during the period between the commitment for and the purchase of the mortgages. This relationship between the techniques described in paragraph (i) and paragraph (iii) is generally unaffected by movements in interest rates. During periods of constant interest rates, the techniques described in paragraphs (i) and (ii) will produce the same yield to the fund. During periods of rising interest rates, the technique described in paragraph (i) will produce a greater yield than that described in paragraph (ii) and the opposite is the result during periods of decreasing interest rates. The same relationship will generally apply to the technique described in paragraph (iii) when compared to that described in paragraph (i).

The Mortgage Income Fund has received permission from the CSA to (i) purchase mortgages from, or sell mortgages to, certain related parties, and (ii) invest in mortgages on a property in which certain related parties has an interest, as mortgagor, provided that the Independent Review Committee of the Fund has approved the transaction and subject to certain other conditions. The Independent Review Committee has reviewed SAM's policies and procedures related to purchasing mortgages from, or selling mortgages to, related parties and related to investing in mortgages of related parties and has given its approval, as a standing instruction, for the Mortgage Income Fund to purchase mortgages from, or sell mortgages to, related parties and to invest in mortgages on a property in which certain related parties have an interest, as mortgagors.

The Mortgage Income Fund intends to purchase its mortgages from Scotia Mortgage Corporation ("SMC"), a wholly-owned subsidiary of The Bank of Nova Scotia ("Scotiabank"), and from Scotiabank. Scotiabank has agreed to purchase from the Mortgage Income Fund any mortgage purchased from SMC if the mortgage is in default or is not a valid first mortgage. Consequently, the Mortgage Income Fund intends to use the method described in paragraph (c) above to determine the price at which mortgages will be purchased. The price upon repurchase by Scotiabank will be equal to the principal outstanding and any accrued and unpaid interest on

the mortgage. The Mortgage Income Fund will include information in its management report of fund performance relating to mortgages purchased or sold through Scotiabank, SMC or any other related party.

### Analysis of Mortgage Portfolio

#### Mortgages by contractual interest rates as at November 1, 2012

	<u>Number of Mortgages</u>	<u>Rate of Interest (%)</u>	<u>Principal (\$)</u>	<u>Market Value (\$)</u>
	1	1.75-1.99	32,294	32,091
	8	2-2.24	316,808	315,279
	15	2.25-2.49	900,976	890,327
	109	2.5-2.74	10,137,096	10,016,567
	136	2.75-2.99	12,994,183	12,918,356
	75	3-3.24	9,332,095	9,238,070
	282	3.25-3.49	45,168,013	45,708,491
	578	3.5-3.74	81,439,412	82,892,338
	721	3.75-3.99	71,480,100	72,913,625
	255	4-4.24	14,751,173	15,001,944
	313	4.25-4.49	24,850,803	25,348,542
	138	4.5-4.74	15,070,316	15,253,449
	158	4.75-4.99	11,487,884	11,686,197
	44	5-5.24	4,162,963	4,254,953
	127	5.25-5.49	8,689,207	8,888,713
	127	5.5-5.74	8,448,935	8,715,432
	85	5.75-5.99	5,652,284	5,857,514
	30	6-6.24	1,148,077	1,161,403
	37	6.25-6.49	1,383,261	1,409,617
	18	6.5-6.74	499,791	509,866
	10	6.75-6.99	157,209	159,498
	3	7-7.24	174,052	190,202
	5	7.25-7.49	291,849	293,003
Total	<u>3,275</u>		<u>328,568,781</u>	<u>333,655,477</u>

#### Mortgages by year of maturity as at November 1, 2012

<u>Year Ended</u>	<u>Number of Mortgages</u>	<u>Principal (\$)</u>	<u>Market Value (\$)</u>
2012	102	7,218,150	7,220,476
2013	1050	79,012,823	79,570,134
2014	963	109,639,321	111,546,500
2015	615	55,330,071	56,773,692
2016	361	52,015,710	53,415,132
2017	181	24,973,660	24,753,371

<u>Year Ended</u>	<u>Number of Mortgages</u>	<u>Principal (\$)</u>	<u>Market Value (\$)</u>
2018	2	228,528	235,584
2019	1	150,518	140,588
<b>Total</b>	<b>3,275</b>	<b>328,568,781</b>	<b>333,655,477</b>

### **Mortgages by geographic location as at November 1, 2012**

<u>Province</u>	<u>Number of Mortgages</u>	<u>Principal (\$)</u>	<u>Market Value (\$)</u>
Ontario	1328	136,958,886	139,031,918
British Columbia	436	61,886,280	62,632,649
Alberta	425	53,621,937	54,462,533
Quebec	348	31,931,438	32,602,928
Nova Scotia	210	11,003,899	11,185,550
Saskatchewan	118	10,297,869	10,451,581
Newfoundland & Labrador	154	8,128,138	8,262,530
New Brunswick	133	7,181,078	7,330,320
Manitoba	80	4,893,614	4,995,119
Prince Edward Island	31	1,420,828	1,429,351
Northwest Territories	10	970,957	993,230
Yukon	2	273,857	277,768
<b>Total</b>	<b>3,275</b>	<b>328,568,781</b>	<b>333,655,477</b>

### **Mortgages by type of property as at November 1, 2012**

	<u>Number of Mortgages</u>	<u>Principal (\$)</u>	<u>Market Value (\$)</u>
Single family Dwelling	3,255	326,457,853	331,513,195
Condominiums	10	1,029,366	1,048,772
Multi-Unit Dwelling of up to 8 Units	10	1,081,562	1,093,510
<b>Total</b>	<b>3,275</b>	<b>328,568,781</b>	<b>333,655,477</b>

### **Mortgages having instalments 90 days or more in arrears as at November 1, 2012**

There are no mortgages in arrears over 90 days as at November 1, 2012. There is an agreement between Scotiabank, Scotia Mortgage Corporation and Scotia Mortgage Income Fund whereby Scotiabank has agreed to repurchase mortgages which originate with Scotiabank or Scotia Mortgage Corporation should such mortgages go into default for more than 90 days.

### **Self-Dealing Restrictions for Dealer-Managed Mutual Funds**

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 Scotia Capital Inc., 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 Scotia Capital Inc., 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 Scotia Capital Inc., 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, a portfolio advisor or trustee 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.

The Manager has applied for an exemption from the CSA to permit the funds, other than the Scotia U.S. Dividend Fund, Scotia Selected Income Portfolio and Scotia Private Real Estate Income Pool, to invest in equity securities of an issuer that is not a reporting issuer in Canada during a distribution of the securities of the issuer, whether pursuant to a private placement of the issuer in Canada or in the United States or a prospectus offering of the issuer in the United States of securities of the same class, and for the 60-day period following the period of distribution, even if an affiliate of the Manager acts as underwriter in the private placement or prospectus offering, provided the issuer is at the time a registrant in the United States, the Independent Review Committee (“**IRC**”) approves of the investment and the purchase is carried out in compliance with certain other conditions.

## **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.

The CanAm Index Fund will invest in futures contracts to create exposure to the performance of the S&P 500 Index. The International Index Fund will invest in futures contracts to create exposure to the equity performance of stock markets of selected countries. Investing in, or using, derivatives is subject to certain risks.

## **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, other than the Cash Equivalent Funds, (each, a "Permitted Fund") have received exemptive relief from Canadian securities regulatory authorities from certain requirements in NI 81-102 in order to sell securities short, to provide a security interest over Permitted Fund assets in connection with the short sales and to deposit Permitted Fund assets with dealers as security in connection with such transactions. A Permitted Fund may engage in short selling consistent with its investment objectives and as permitted by the CSA. A short sale by a Permitted 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 Permitted Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Permitted Fund pays interest to the lender. If the value of the securities declines between the time that the Permitted Fund borrows the securities and the time it repurchases and returns the securities, the Permitted Fund makes a profit for the difference (less any interest the Permitted Fund is required to pay to the lender). In this way, the Permitted Fund has more opportunities for gains when markets are generally volatile or declining.

The Permitted 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 Permitted 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 Permitted Fund, the aggregate market value of all securities of that issuer sold short will not exceed 5% of the total net assets of the Permitted Fund. The aggregate market value of all securities sold short by a Permitted Fund will not exceed 20% of its total net assets on a daily marked-to-market basis. The Permitted Fund may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions. The Permitted Fund also will hold cash cover (as defined in NI 81-102) in an amount, including the Permitted 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 Permitted Fund to purchase long positions other than cash cover.

## **UNITS OF THE FUNDS**

### **What are units and series of units of the Funds?**

A Fund may offer one or more series of units. Each series is intended for different investors. Each series of units of a Fund may have different management fees and other expenses attributable to that series of units

Each of the Funds is authorized to issue an unlimited number of series divided into an unlimited number of units, each of which represents an equal undivided interest in the property of that particular Fund. The U.S. Money Market Fund, U.S. Bond Fund and U.S. Balanced Fund are valued and reported for most purposes in U.S. dollars.

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

When issued, units of each Fund are fully paid and non-assessable and have no pre-emptive or conversion rights. Fractions of units may also be issued. As a holder of units of a Fund, you are entitled to require the Fund to redeem your units at the price described under *How to Sell Units*. Your units are generally redeemable without restriction. Upon liquidation or termination of a Fund, each unitholder is entitled to participate ratably in the assets of the Fund.

Each unitholder of a Fund is entitled to vote on certain amendments to the Master Declaration of Trust in accordance with such document or where required by securities legislation. A separate series vote is required if a particular series is affected in a manner that is different from other series. At a unitholder meeting called to vote on these issues, a unitholder will be entitled to one vote per unit of a Fund.

Subject to any exemption of the CSA obtained by a Fund, the following matters currently require unitholder 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 NAV per unit 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 unitholder 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 unitholders 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 unitholders by the Fund or the Manager in connection with holding units of the Fund in a way that could result in an increase in charges to the Fund or its unitholders; and
6. in certain limited circumstances, a merger of a Fund into another mutual fund where the unitholders of the Fund will become the unitholders of another mutual fund as a result of the merger; and
7. in certain limited circumstances, a merger of a Fund into another Fund (the "Continuing Fund") where the merger would be a significant change for the unitholders of the Continuing Fund. At unitholder meetings, unitholders are entitled to one vote for each whole unit owned by them.

Because unitholders in series other than the Advisor Series are not charged sales commissions or redemption fees when they invest in or redeem units of the Funds, unitholder meetings in respect of Series A, Series F, Series I, Premium Series or Series M units are not required to approve any increase in the fees or expenses charged by non-arm's length parties to the Funds if these unitholders are notified of the change at least 60 days before the effective date of the increase. Advisor Series unitholders will get to vote on any such fee or expense increase, unless the increase relates to a fee or expense charged by an arm's length third party.

### **Special Considerations – the U.S. Money Market Fund, U.S. Bond Fund and U.S. Balanced Fund**

**Currency** – The U.S. Money Market Fund, U.S. Bond Fund and U.S. Balanced Fund units are valued in U.S. dollars. Please refer to *What are Units of the Funds?*.

**Currency Restriction** - Investors must pay for units of the U.S. Money Market Fund, U.S. Bond Fund and U.S. Balanced Fund and receive cash distributions and redemption proceeds from the U.S. Money Market Fund, U.S. Bond Fund and U.S. Balanced Fund in U.S. dollars.

### **How the Units are Valued**

How much a Fund is worth is called its “net asset value”. 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 Fund's Master Declaration of Trust. The series net asset value per unit (“NAV per unit”) 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 units of that series outstanding at such time. A unit's net asset value is very important because it is the basis on which units of a Fund are purchased and redeemed. The series net asset value per unit of a Fund varies from day to day. A Fund calculates the net asset value of the units 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 unit may be suspended, subject to obtaining any necessary regulatory approval.

Although no assurance can be given, the Manager expects the value of units of the T-Bill Fund, Premium T-Bill Fund, Money Market Fund and U.S. Money Market Fund to be maintained at the issue price of \$10.00 per unit (in Canadian or U.S. dollars as applicable) as all net interest income earned and net capital gains realized by such Funds are calculated at the close of business on each business day and credited to accounts maintained for the benefit of unitholders of record at that time. Net realized capital gains on the U.S. Money Market Fund may be declared payable from time to time. By the close of business on the last business day of the month, all such amounts not previously distributed are distributed in the form of additional units unless a unitholder has requested in writing to receive cash distributions.

## 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 Units, 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 the securities of any other mutual fund will be the net asset value per security on the Valuation Date or, if the day is not a valuation date of the mutual fund, the net asset value per security on the most recent valuation date for the mutual fund;
4. the value of long positions in clearing corporation options, options on futures, debt-like securities and warrants that are traded on a stock exchange or other markets will be the closing sale price on the Valuation Date or, if there is no such sale price, the average of the bid and ask prices at that time, all as reported by any report in common use or authorized as official by the stock exchange or, if no bid or ask price is available, the last reported closing sale price of such security;
5. where a covered clearing corporation option or over-the-counter option is written by the Fund the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the value of the clearing corporation option or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as

an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the net asset value of the Fund; the securities, if any, which are the subject of a written clearing corporation option or over-the-counter option will be valued in a manner listed above for listed securities in paragraph (2) above;

6. the value of any standardized futures contract or forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the standardized futures contract or forward contract, as applicable, on the Valuation Date, unless "daily limits" are in effect, in which case fair market value shall be based on the value of the underlying interest on the Valuation Date as determined in a manner by the Manager in its discretion;
7. the value of any restricted security shall be determined based on the discretion of the manager, such that it is fair and reasonable and in accordance with the valuation policy set out by the manager; and
8. 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 or if the Fund is offered in U.S. dollars, from any other currency to U.S. dollars, 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 shall be used.

Neither SAM nor the predecessor manager has 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.

While National Instrument 81-106 requires investment funds to determine fair value, it does not require investment funds to determine fair value in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook. 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. The valuation principles of a Fund differ in some respects from the requirements of the CICA Handbook, which are used for financial reporting purposes. The main differences are that SAM generally will determine the fair value of (i) securities traded on a stock exchange, by using the closing price on the exchange; and (ii) bonds, debentures and other debt obligations, by using the average of bid and ask prices.

## HOW TO PURCHASE AND SELL UNITS OF THE FUNDS

### How to Purchase Units

Units of the Funds are offered for sale on a continuous basis at their NAV per unit from time to time, computed in the manner described under *How the Units are Valued*. There are generally no sales commissions or other fees payable on the purchase of units other than Advisor Series units. Series A units may be purchased directly from Scotia Securities Inc., ScotiaMcLeod and Scotia iTRADE, each a division of Scotia Capital Inc. in such provinces and territories where Scotia Securities Inc., ScotiaMcLeod or Scotia iTRADE are qualified to receive orders for purchase or with dealers and brokers qualified in your province or territory. Series A units and Series T units are available to all investors. Series T units are intended for investors seeking stable monthly distributions. Orders to purchase units of the Funds may also be placed with representatives of Scotia Securities Inc. at branches of Scotiabank and The Bank of Nova Scotia Trust Company (“Scotiabank”). Prospective purchasers of Series F units must have a fee-based account with authorized brokers or dealers, including ScotiaMcLeod. Series I units may only be purchased by eligible institutional investors and other qualified investors as determined by SAM. Premium Series units may only be purchased by investors who meet the required minimum investment, as determined by SAM from time to time. Series M units may only be purchased by clients of SAM or Scotiabank that have entered into a discretionary management agreement. Advisor Series units are available through authorized dealers and brokers, including ScotiaMcLeod.

All orders for units 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 units 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 initial and subsequent purchases of Series A and Premium Series units of the Funds are set out in the table below. For Series F units of a Fund (except the Scotia Partners Portfolios), the minimum initial investment is \$2,500 and the minimum for each additional investment is \$50. The minimum initial investment for Series F units of the Scotia Partners Portfolios is as set out in the table below. For Series I units of a Fund, the minimum initial investment is generally \$1,000,000. The minimum initial investment for a Series M Fund is generally \$250,000.

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.

Fund	Minimum initial investment		Minimum additional investment (including Pre-Authorized Contributions <sup>1</sup> )
	All accounts except <i>ican Invest</i> <sup>TM</sup> Program <sup>2</sup> accounts All Scotia registered plans, except Scotia RRIFs	Scotia RRIFs	
Scotia Canadian Bond Index Fund Scotia Canadian Index Fund Scotia U.S. Index Fund Scotia CanAm Index Fund Scotia Nasdaq Index Fund Scotia International Index Fund	\$1,000	\$5,000	\$50
Scotia T-Bill Fund Scotia U.S. \$ Money Market Fund <sup>3</sup>	\$2,000	\$10,000	\$50
Scotia Money Market Fund (Series A and Advisor Series )	\$2,000	\$10,000	\$50 (\$100 for Advisor Series Units)
Scotia Money Market Fund (Premium Series ) <sup>4</sup> Scotia Premium T-Bill Fund <sup>4</sup>	\$100,000	\$250,000	\$500
Scotia Global Growth Fund	\$100	\$5,000	\$25 (\$100 for Advisor Series units)
Scotia U.S. \$ Bond Fund <sup>3</sup> Scotia U.S.\$ Balanced Fund <sup>3</sup> All other Funds	\$500	\$5,000	\$50 (\$100 for Advisor Series units)
Scotia Partners Portfolios	\$10,000	\$5,000	\$50
Scotia Vision Portfolios	\$2,500	\$2,500	\$50
Scotia Selected Portfolios	\$2,500	\$2500	\$50 (\$100 for Advisor Series units)

<sup>1</sup> If you choose to invest less frequently than monthly using Pre-Authorized Contributions (i.e. bi-monthly, quarterly, semi-annually or annually), the minimum amount for each investment will be determined by multiplying the amounts shown here by twelve and then dividing the sum by the number of investments you make over the course of one calendar year. For example, for most Funds, if you choose to invest quarterly, the minimum investment for each quarter will be  $\$50 \times 12 \div 4$ , or \$150.

<sup>2</sup> The minimum initial investment for the Monthly Income Fund, Balanced Fund, Tactical Allocation Fund and Global Fund is waived when these Funds are purchased through the *ican Invest* Program offered through Scotiabank. See *ican Invest™ Program* for details.

<sup>3</sup> You must use U.S. dollars to buy this Fund.

<sup>4</sup> The Manager reserves the right, without notice to you, to change your Premium Series units into Series A units of the Money Market Fund and to switch your units of the Premium T-Bill Fund for units of the T-Bill Fund, as applicable, if you do not maintain the minimum initial investment shown here. You will be deemed not to have maintained the minimum investment if the current market value of your units on the last business day of any month is less than the minimum initial investment amount shown above.

The NAV per unit for the purpose of issuing units is the NAV per unit next determined following receipt of a purchase order. No unit certificates will be issued by the Funds.

Payment for all orders of units 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 units 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 units and the redemption proceeds are applied to reduce the amount owing to the Fund in respect of the purchase of the units. If the amount of the redemption proceeds exceeds the subscription price of the units, the Fund is permitted to retain the excess. If the amount of the redemption proceeds is less than the issue price of the units, Scotia Securities Inc., as principal distributor of Series A, Series F, Premium Series and Advisor Series units 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 units. 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 units, Scotia Securities Inc. is entitled to collect such amounts described above from the investor who has failed to make payment for the units ordered.

Other than the short-term trading fee described below, the Funds (with the exception of Advisor Series units) do not charge for redemptions, but reserve the right to impose redemption fees from time to time, upon providing unitholders 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, Premium Series or Series F units of a Fund through a dealer other than Scotia Securities Inc., ScotiaMcLeod or Scotia iTRADE. You negotiate any charge or fee directly with your dealer. Series A and Series I units of the Funds are no load. That means you do not pay a sales commission when you buy, switch or sell these units through us or our affiliates. There are no sales charges on the Series M units.

When you buy Advisor Series units of a Fund, you can choose any one of the following purchase options. You and your registered investment professional will determine which purchase option is suitable for you. All of the Funds offer the purchase options described below. Your choice of purchase option will affect the amount of compensation paid to your dealer.

*Front-end sales charge option*

If you buy Advisor Series units under this option, you pay a sales commission at the time of purchase. The commission is a percentage of the amount you invest and is paid to your dealer. You and your registered investment professional negotiate the actual commission. The percentage ranges from 0% to 6% of the amount you invest. The percentage is deducted from the amount you invest and paid to your dealer.

*Deferred sales charge option*

If you buy Advisor Series units under this option, you do not pay a commission when you invest in the Funds. Instead, we pay your dealer a selling commission of 5% of the amount you invest. However, under certain circumstances, if you sell, reclassify or convert your units within six years of buying them, you'll pay a deferred sales charge at the time of your transaction. The charge is based on the original cost of your units and how long you have held them. The charge is deducted from the value of the units you redeem based on the following deferred sales charge schedule:

<b>If you redeem:</b>	<b>You pay:</b>
During the first year	6.0%
During the second year	5.5%
During the third year	5.0%
During the fourth year	4.5%
During the fifth year	3.5%
During the sixth year	2.0%
Thereafter	Nil

*Low load sales charge option*

If you buy Advisor Series units under this option, you do not pay a commission when you invest in the Funds. Instead, we pay your dealer a selling commission of 3% of the amount you invest. However, under certain circumstances, if you sell, reclassify or convert your units within three years of buying them, you'll pay a deferred sales charge at the time of your transaction. The charge is based on the original cost of your units and how long you have held them. The charge is deducted from the value of the units you redeem based on the following low load sales charge schedule:

<b>If you redeem:</b>	<b>You pay:</b>
During the first year	3.0%
During the second year	2.5%
During the third year	2.0%
Thereafter	Nil

### *Changing Advisor Series purchase options*

If, after buying your Advisor Series units, you agree with your registered investment professional to change your purchase option within the Advisor Series units of the same Fund or to the Advisor Series units of another Fund, you will have to pay any deferred sales charge that applies at the time of such change.

### **Sales Commissions**

The Manager may pay employees of Scotia Securities Inc. an up-front sales commission of up to 1% of the amount invested by a unitholder in Series A or Premium Series units, 5% of the amount invested in Advisor Series units purchased under the deferred sales charge option and 3% of the amount invested in Advisor Series units purchased under the low load sales charge option.

### **Service Fees and Sales Incentive Programs**

The Manager may pay Scotia Securities Inc., ScotiaMcLeod or Scotia iTRADE employees or other registered brokers and dealers a service fee on Series A, Premium Series and Advisor Series units 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, Premium Series and/or Advisor Series units you hold. The Manager does not pay service fees on Series F, Series I or Series M units. From time to time, prizes such as cash or merchandise, may be awarded in connection with sales of units of the Funds to individual Scotia Securities Inc. 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 units 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 are eligible to hold the particular series of the ScotiaFund into which you switch. When your order is received, the units of the first Fund are sold, and the proceeds are used to buy units of the second Fund. If you switch units within 31 days of buying them, you may have to pay a short-term trading fee.

Switches from Advisor Series units purchased under the deferred sales charge option or low load sales charge option to Series A, Series F, Series I or Premium Series units may be subject to a redemption fee. You may only switch between Funds valued in the same currency. If you hold your units in a non-registered account, you may realize a capital gain or loss. Capital gains are taxable.

## How to Reclassify Units

You can change your units of one series to another series of units of the same Fund, as long as you are eligible to hold that series . Your dealer may charge you a fee to reclassify your units.

## How to Sell Units

You may at any time sell your units back to a Fund by following the procedures described in the following section, unless at that time the Fund's obligation to purchase your units 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 units 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 units which are the subject of your sell order will be the NAV next determined following receipt of your sell order by the Fund. Payment for your units sold will be issued 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 units issued to you under a prior purchase order.**

Short-term trading (including "market-timing" trading) can increase a Fund's expenses, which affects all unitholders 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 units. 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. This fee does not apply to investments in the T-Bill Fund, Premium T-Bill Fund, Money Market Fund or U.S. Money Market Fund, as these Funds are meant to be highly liquid. While the fee will generally be paid out of the redemption proceeds of the Fund in question, SAM has the right to redeem units 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 units 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 cash equivalent funds.

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

## 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 unitholders of such procedures.

Your sell order must be in writing and bear an authorized signature from your bank, trust company or registered dealer or broker 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 iTRADE in such provinces and territories where Scotia Securities Inc., ScotiaMcLeod or Scotia iTRADE are qualified to sell units 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 Scotiatrust. 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 unitholders.

If a unitholder fails to provide a Fund with a duly completed sell order within ten business days of the date on which the NAV 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 units being redeemed and will apply the amount of the redemption proceeds to the payment of the issue price of such units. 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, Series F, Premium Series and Advisor Series units 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 any of the Series A, Premium Series or Advisor Series units of the Funds held by you provided that you meet the minimum

investment amounts indicated under *How to Purchase Units*. 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. If you choose to invest in Advisor Series units less frequently than monthly using Pre-Authorized Contributions (i.e. bi-monthly, quarterly, semi-annually or annually), the minimum amount for each investment will be determined by multiplying the minimum additional investment amount of \$100 by twelve and then dividing the sum by the number of investments you make over the course of a calendar year. For example, if you choose to invest quarterly, the minimum investment for each quarter will be \$300 ( $\$100 \times 12 \div 4$ ).

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, Series F, Premium Series and Advisor Series units 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 units of the Funds under pre-authorized contributions or similar plans. For more information, refer to *Pre-authorized Contributions* in the Funds' simplified prospectus.

### **ican Invest™ Program**

The *ican Invest* Program (the “Program”) offered by Scotiabank is designed to assess your current financial situation and recommend solutions for each of your goals by suggesting investment options based on your particular needs. The Program is not available for Advisor Series units of the Funds. Through the Program, you determine an amount you can contribute towards each goal on a regular basis. Pre-authorized contributions will be made from your bank account to the investments you select. Minimum initial investments do not apply to units of some Funds when purchased through the Program. See *How to Purchase Units* for details.

### **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 units of the Funds. Minimum initial and subsequent deposits for a Scotia Registered Plan are the same as those set out under *How to Purchase Units*. These minimum deposits may be varied or waived at any time, without notice, in the discretion of the Manager. Units 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. 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 Income Tax Act (Canada) (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, Series F, Premium Series and Advisor Series unitholders may establish an automatic withdrawal plan (in U.S. or Canadian dollars in the case of the U.S. Money Market Fund, U.S. Bond Fund and U.S. Balanced Fund) under which sufficient units of a Fund will be redeemed on a periodic basis in order to provide these unitholders with regular cash payments. To establish and maintain an automatic withdrawal plan for Series A or Series F units, the following minimum initial balance and withdrawal amounts apply, which may be varied or waived at any time without notice in the absolute discretion of the Manager:

<b>Fund</b>	<b>Minimum Balance to start the Plan</b>	<b>Minimum for each Withdrawal</b>
T-Bill Fund Money Market Fund <sup>1</sup> U.S. Money Market Fund <sup>2</sup>	\$10,000	\$100 <sup>1</sup>
Premium T-Bill Fund	\$250,000	\$500
All other Funds <sup>2</sup>	\$5,000	\$50 <sup>1</sup>

1 Premium Series units require you to maintain a minimum investment amount of \$100,000. You may set up an automatic withdrawal plan for Premium Series units as long as you withdraw a minimum of \$500 each time. If you start an automatic withdrawal plan on Premium Series units, you should ensure that you maintain this minimum investment amount, otherwise we may, without notice to you, change your Premium Series units into Series A units of the Money Market Fund.

2 You must use U.S. dollars for the U.S. Money Market Fund, U.S. Bond Fund and U.S. Balanced Fund.

For Advisor Series units, you may start the plan as long as the value of your investment in a Fund is greater than the Fund’s minimum initial investment. See *How to Purchase Units* 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 the regular withdrawals are in excess of income and capital gains distributions, these withdrawals will encroach on or exhaust the capital you have invested. Automatic withdrawal plans are not available for RRSPs and other Registered Plans.

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

## **TAX TREATMENT OF YOUR INVESTMENT**

The following summarizes the principal Canadian federal income tax considerations generally applicable to the Funds and their Canadian resident unitholders who are individuals (other than trusts) and who hold their units as capital property. The summary is based on the current provisions of the Tax Act and the regulations made under the Tax Act (the “Regulations”), proposals to amend the Tax Act or the Regulations publicly announced by the Minister of Finance (Canada) (the “Minister”) before the date hereof (the “Tax Proposals”) and the current published administrative practices and assessing policies of the Canada Revenue Agency. It has been assumed that the Tax Proposals will be enacted as proposed and that there is no other relevant amendment of any governing law. However, no assurance can be given in this respect.

This summary is not exhaustive of all possible income tax considerations and is based upon the Funds qualifying as mutual fund trusts under the Tax Act effective at all material times. The Manager expects that the Funds will so qualify. This summary does not take into account provincial, territorial or foreign tax laws, which might differ from the federal considerations. Prospective purchasers of units are advised to consult their own tax advisor about their particular circumstances.

### **Tax Status of the Funds**

Each Fund will distribute to its unitholders in each year its net income and net realized capital gains, if any, to such an extent that it will not be liable in any taxation year for income tax under Part I of the Tax Act (taking into account any entitlement to a capital gains refund). Capital or income losses incurred by a Fund cannot be allocated to unitholders but may, subject to certain limitations, be deducted by the Fund from capital gains or net income realized in subsequent taxation years. All of a Fund’s deductible expenses, including expenses common to all series of units of the Fund and management fees and other expenses specific to a particular series of units of the Fund, will be taken into account in determining the income or loss of the Fund as a whole. In certain cases this may result in expenses attributable to a series of units of a Fund being used to reduce the income attributable to another series of units of the Fund. Income derived from foreign sources may be subject to foreign withholding taxes which, to the extent designated by the Fund and permitted by the Tax Act, may be claimed as a credit by unitholders. Generally, gains from derivatives (including futures and forwards contracts) used for non-hedging purposes and from trading in precious metals will be taxed as income as opposed to capital gains. In certain circumstances, capital losses realized by the Canadian Bond Index Fund, Canadian Index Fund, U.S. Index Fund, the Scotia Partners Portfolios, the Scotia Selected Portfolios and the Scotia Vision Portfolios may be suspended and therefore may not be available to shelter capital gains.

If a Fund is offered in U.S. dollars, all amounts relating to the acquisition, holding or disposition of investments (including distributions, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in U.S. dollars must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada or such other rate of exchange as is acceptable to the Canada Revenue Agency.

Each of Scotia Vision Aggressive 2010 Portfolio, Scotia Private Real Estate Income Pool, Scotia U.S. Dividend Fund and Scotia Selected Income Portfolio may not qualify as a “mutual fund trust” under the Tax Act. Where a Fund does not qualify as a “mutual fund trust” under the Tax Act, the Fund could be subject to tax under Part XII.2 of the Tax Act. Part XII.2 of the Tax Act provides that certain trusts (excluding mutual fund trusts) that have a unitholder who is a “designated beneficiary” within the meaning of the Tax Act will be subject to a special tax at the rate of 36% on the trust’s “designated income” within the meaning of the Tax Act. A designated beneficiary includes a non-resident. “Designated income” generally includes income from a business carried on in Canada and taxable capital gains from dispositions of “taxable Canadian property”. Where a Fund is subject to tax under Part XII.2, provisions of the Tax Act are available to afford unitholders who are not designated beneficiaries with an appropriate refundable tax credit, provided that the Fund makes a designation. If a Fund does not qualify as a mutual fund trust for purposes of the Tax Act, it may be subject to alternative minimum tax under the Tax Act (very generally, to the extent that its expenses exceed its income other than taxable capital gains). As well, the Fund will not be entitled to claim the capital gains refund that would otherwise be available to it if it were a mutual fund trust throughout the year. Finally, each Fund that does not qualify as a mutual fund trust will be a “financial institution” for purposes of the “mark-to-market” rules contained in the Tax Act at any time if more than 50% of the fair market value of all interests in the Fund are held at that time by one or more financial institutions. The Tax Act contains special rules for determining the income of a financial institution.

Each of Scotia Vision Aggressive 2010 Portfolio, Scotia Private Real Estate Income Pool, Scotia Dividend Fund and Scotia Selected Income Portfolio may also be subject to a special tax under Part X.2 of the Tax Act if, at the end of any month, the Fund holds property that is not a “qualified investment” under the Tax Act for an RRSP, RRIF and DPSP.

On October 24, 2012, the Minister tabled a Notice of Ways and Means Motion in the House of Commons which included Tax Proposals to implement tax measures announced in the 2010 federal budget. In such federal budget, the Minister announced that prior Tax Proposals relating to the taxation of investments in foreign investment entities (“FIEs”) will not be implemented and instead existing section 94.1 of the Tax Act will continue subject to certain limited enhancements (which are described in the Tax Proposals released on October 24, 2012). A Fund may be subject to existing section 94.1 of the Tax Act if the Fund holds or has an interest in “offshore investment fund property”. In order for existing section 94.1 of the Tax Act to apply to the Fund, the value of the interests must reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments of the offshore investment fund property. If applicable, these rules can result in the Fund including an amount in its income based on the cost of the Fund’s offshore investment fund property multiplied by a prescribed interest rate. These rules would apply in a taxation year to the Fund if it could reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the Fund acquiring, holding or

having the investment in the entity that is an offshore investment fund property, was to benefit from the portfolio investments of the entity in such a manner that the taxes on the income, profits and gains therefrom for any particular year were significantly less than the tax that would have been applicable if such income, profits and gains had been earned directly by the Fund. Counsel has been advised that none of the reasons for a Fund acquiring an interest in “offshore investment fund property” may reasonably be considered to be as stated above. As a result, based on the Tax Proposals, existing section 94.1 should not apply to the Funds.

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 Fund, or an underlying fund in which a Fund invests, holds interests in a SIFT trust or SIFT partnership that is subject to this tax, the amount available for distribution to the Fund may be reduced.

### **Tax Status of Unitholders**

Unitholders must include in income the net income and the taxable portion of net realized capital gains, if any, payable to them in a year by a Fund (including management fee distributions), whether paid in cash or by reinvestment in additional units. To the extent that distributions (including management fee distributions) to a unitholder by a Fund in any year exceed that unitholder’s share of the net income and the net realized capital gains of the Fund, such distributions will be a return of capital and will not be taxable but will reduce the adjusted cost base of the unitholder’s units. If the adjusted cost base of a unitholder’s units is reduced to less than zero, the unitholder will be deemed to realize a capital gain to the extent of the negative amount and the adjusted cost base of the units will be increased to nil. When a unitholder acquires units of a Fund, the NAV of the units may reflect amounts on account of accrued but undistributed income, realized but undistributed capital gains or unrealized capital gains. When these amounts are distributed to unitholders, they must be included in the unitholder’s income even though they accrued to the Fund prior to the time that the unitholder acquired units of the Fund.

If you hold a Fund offered in U.S. dollars, all amounts relating to the acquisition, holding or disposition of units (including distributions, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in U.S. dollars must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada or such other rate of exchange as is acceptable to the Canada Revenue Agency.

Each Fund will make designations, to the extent permitted by the Tax Act, such that taxable capital gains, taxable dividends from taxable Canadian corporations and foreign source income will retain their character in the hands of unitholders for tax purposes. An enhanced dividend tax credit is available for certain eligible dividends received from Canadian

corporations. Unitholders will be deemed, for foreign tax credit purposes, to have paid their proportionate share of foreign taxes on such foreign income.

Generally, the Funds will distribute gains from derivatives (including futures and forward contracts) used for non-hedging purposes and from trading in precious metals as income rather than as capital gains.

Upon a disposition of a unit, unitholders will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of their unit at such time plus any costs of disposition. A change of units of one series of a Fund to units of another series of the same Fund will not result in disposition of the units changed. Unitholders who hold units of a Fund offered in U.S. dollars may realize a capital gain (or capital loss) on a disposition of such units by virtue of changes in the value of the United States dollar relative to the Canadian dollar during the period that the units are held. Generally, unitholders must include one-half of a capital gain in computing income and may deduct one-half of a capital loss incurred from taxable capital gains. Capital gains and taxable dividends realized by an individual may give rise to an alternative minimum tax.

Each unitholder will be provided with transaction statements and annual tax information slips reporting income, return of capital, and net realized capital gains distributions needed to complete the unitholder's income tax returns.

### **Tax Sheltered Plans**

Provided that the Fund qualifies as a "mutual fund trust" within the meaning of that term in the Tax Act, units 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 units of a Fund held by the RRSP, RRIF or TFSA if the units 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 Fund for purposes of the Tax Act and does not have a "significant interest" (within the meaning of the Tax Act) in the Fund or in any corporation, partnership or trust with whom the Fund does not deal at arm's length, units of a Fund will not be a prohibited investment under the Tax Act for the RRSP, RRIF or TFSA. The Department of Finance (Canada) recently indicated that it would recommend amendments to the Tax Act that would narrow the scope of the prohibited investment rules. However, no draft legislation has been released as of the date hereof.

Investors who choose to purchase shares of the 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

### 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 amended and restated as of April 23, 2007 and as assigned to SAM on November 1, 2009, and as further amended and restated on 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 unitholder records. The Master Management Agreement provides that the Manager may engage or employ any person as its agent 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 the provisions of the Master Declaration of Trust and 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 unitholders where required by law, regulations or policies of securities regulatory authorities. Where such laws, regulations or policies do not require unitholder approval, the provisions of the Master Management Agreement may be amended with the approval of the Trustee and the Manager.

The Manager receives, pursuant to the Master Management Agreement, fees from the Funds in respect of certain series of units 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 reductions are generally paid at the same time the income distributions are made by the Fund and are settled through distributions of units of the Fund (“management fee distributions”) by way of automatic reinvestment in additional units of the Fund. The management fee distributions are intended to attract large investments that might not otherwise be invested in the Funds. (This benefits the Funds and the Manager because administration costs for each dollar invested in the Funds are lower for larger investments.) Unitholders of the Premium T-Bill Fund receive a management fee distribution of 0.20% of the value of the Fund within their account if the value of the Fund is \$250,000 to \$1,000,000 and a management fee distribution of 0.35% of the value of the Fund within their account if the value of the Fund is greater than \$1,000,000. Eligibility for management fee distributions for unitholders of the other Funds is based on the size of the investment made or held in one or more Funds. Management fee distributions are paid first out of net income and net realized capital gains and then out of capital. The Manager may discontinue these reductions at any time upon written notice to the investor or unitholder. SAM will not receive any fees as trustee of the Funds.

For additional information concerning the management of the Funds, you should refer to *Other Material Information* 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:

<b>Name and Municipality of Residence</b>	<b>Position with Scotia Asset Management G.P. Inc.</b>	<b>Principal occupation in the past five years</b>
Jordy Chilcott Oakville, Ontario	Chair of the Board, Director and Officer	From October 2, 2012 to present- Managing Director and Head, Global Asset Management- Retail, GCIC Ltd. From September 6, 2012 to present-Executive Chairman, President and Chief Executive Officer, GCIC Ltd. From October 2009 to September 2012- Executive Vice President and Head of Dynamic, GCIC Ltd. From July 2008 to October 2009- Executive Vice President, GCIC Ltd. From January 2007 to July 2008- Senior Vice President, National Sales, 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.

Name and Municipality of Residence	Position with Scotia Asset Management G.P. Inc.	Principal occupation in the past five years
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 September 2012 to present – Managing Director and Head, Canadian Wealth Management – Distribution</p> <p>From October 2011 to September 2012 – 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>
Hamish B. Angus Toronto, Ontario	Director	<p>From September, 2004 to present - Managing Director &amp; Head, ScotiaMcLeod Full Service Brokerage, Scotia Capital Inc.</p>
P.D. Michael Henry Mississauga, Ontario	Director	<p>From May 2011 to present – Senior Vice President, Retail Payments, Commercial Deposits &amp; Lending, Canadian Banking</p> <p>From October 2008 to present - Senior Vice President, Sales &amp; Service, Personal &amp; Commercial Banking, Scotiabank</p> <p>From March 2006 to October 2008 - Managing Director, Private Client and Institutional, Scotia Cassels Investment Counsel Limited</p>
Tony Cestra Oakville, Ontario	Director	<p>From May 2009 to present - Managing Director &amp; Head, Equity Investments &amp; Pension Assets, Scotiabank</p> <p>From May 2006 to April 2009 - Managing Director &amp; Head, Private Equity Investments, Scotiabank</p>

<b>Name and Municipality of Residence</b>	<b>Position with Scotia Asset Management G.P. Inc.</b>	<b>Principal occupation in the past five years</b>
Brian McChesney Unionville, Ontario	Director	From July 1985 to present - Managing Director, Scotia Capital Inc.
Wesley G.S. Mills Toronto, Ontario	Chief Investment Officer	From April 2011 to present - Chief Investment Officer, SAM From April 2011 to present – Chief Investment Officer, Scotia Asset Management G.P. Inc. From November 2009 to April 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
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

The names and municipalities of residence of the officers and directors 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:

<b>Name and Municipality of Residence</b>	<b>Position with SAM</b>	<b>Principal occupation in the past five years</b>
Neil C. Macdonald Toronto, Ontario	Chief Executive Officer	From October 2011 to present – Chief Executive Officer, SAM From October 2011 to present – Chief Executive Officer, Scotia Asset Management G.P. Inc. 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	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 and Managing Director, Scotia Capital Inc. From February 1990 to present - Vice President, Treasurer, Chief Financial Officer, Scotia Securities Inc.

<b>Name and Municipality of Residence</b>	<b>Position with SAM</b>	<b>Principal occupation in the past five years</b>
Wesley G.S. Mills Toronto, Ontario	Chief Investment Officer	From April 2011 to present - Chief Investment Officer, SAM From April 2011 to present – Chief Investment Officer, Scotia Asset Management G.P. Inc. From November 2009 to April 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
M. Catherine Tuckwell Toronto, Ontario	Chief Compliance Officer (Portfolio Manager)	From November 2009 to present - Chief Compliance Officer (Portfolio Manager), SAM From November 2009 to present - Chief Compliance Officer, Scotia Asset Management U.S. Inc. From December 1998 to September 2009 - Chief Compliance Officer, Scotia Cassels Investment Counsel Limited From June 2002 to October 2009 – Chief Compliance Officer, Scotia Cassels U.S. Investment Counsel Inc.
Edna A. Chu Toronto, Ontario	Vice President, Compliance and Chief Compliance Officer (Investment Fund Manager)	From 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
Tuula Jalasjaa Mississauga, Ontario	Managing Director and Head, Private Client Investments	From November 2009 to present - Managing Director and Head, Private Client Investments, SAM From October 2008 to October 2009 - Managing Director and Head, Investment Management Distribution, Scotia Cassels Investment Counsel Limited From November 2004 to October 2008 - Vice President, Strategic Business Development, Global Transaction Banking, Scotiabank
Glen B. Gowland Caledon, Ontario	Officer	From September 2012 to present – Managing Director and Head, Canadian Wealth Management – Distribution From October 2011 to September 2012 – Managing Director and Head, Scotia Private Client Group Canada

Name and Municipality of Residence	Position with SAM	Principal occupation in the past five years
		and Global Institutional Business, SAM From November 2009 to October 2011 - Chief Executive Officer , Scotia Asset Management G.P. Inc. From November 2009 to October 2011 - Chief Executive Officer, SAM From November 2006 to October 2011 - Managing Director and Head, Mutual Funds, Scotiabank From June 2006 to October 2011- President and Chief Executive Officer, Scotia Securities Inc.
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
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

SAM has engaged Baillie Gifford Overseas Limited (“Baillie Gifford”), CI Investments Inc. (“CI”), Connor, Clark & Lunn Investment Management Ltd. (“CCLIM”), F&C Management Limited (“F&C”), Hermes Sourcecap Limited (“Hermes”), State Street Global Advisors, Ltd. (“State Street”), Scotia Inverlat Casa de Bolsa, S.A. De C.V., Grupo Financiero Scotiabank Inverlat (“SICB”) and Thornburg Investment Management, Inc. (“Thornburg”) to provide investment advice to the Funds. Baillie Gifford, CI, CCLIM, F&C, Hermes, State Street, SICB and Thornburg have the authority, subject to the direction of SAM, to give instructions to purchase and sell securities of the Funds in accordance with their respective investment objectives and restrictions. Baillie Gifford is an Edinburgh based investment advisor founded in 1908 with US\$84 billion of assets under management. CI was established in 1965 and has offices in Toronto, Vancouver, Calgary and Montreal. The firm is a leading investment manager with about \$67 billion in assets under management. CI is wholly-owned by CI Financial Corp. The Bank of Nova Scotia, the parent of the Manager, is also an influential securityholder of CI Financial Corp. CCLIM was established in 1982 and has offices in Vancouver and Toronto. The firm provides professional asset management for pension fund sponsors, capital accumulation plans, corporations, not for profit organizations, mutual funds and individual investors. The firm is part of the Connor, Clark & Lunn Financial Group of companies, which has over \$32 billion in assets under management. F&C is a London based investment advisor founded in 1868 with US\$166.3 billion of assets under management. Hermes is a London based investment manager

with approximately \$1.14 billion in assets under management. State Street is one of the industry's largest institutional asset managers with approximately US\$1.7 trillion in assets under management. Thornburg is a Santa Fe based investment advisor founded in 1982 with US\$48 billion of assets under management. The agreement with each portfolio advisor may be terminated by either SAM or the portfolio advisor giving up to 90 days prior notice to the other of such termination. For additional information concerning the management of the Funds, you should refer to *Material Contracts* in this annual information form.

Pursuant to the Management Agreement SAM acts as portfolio advisor to the T-Bill Fund, Premium T-Bill Fund, Money Market Fund, U.S. Money Market Fund, Short Term Bond Fund, Government Bond Pool, Mortgage Income Fund, Bond Fund, Income Fund, Corporate Bond Pool, U.S. Bond Fund, Global Bond Fund, Advantaged Income Pool, Monthly Income Fund, Income Advantage Fund, Balanced Fund, Dividend Income Fund, U.S. Balanced Fund, Preferred Share Pool, Dividend Fund, Canadian Blue Chip Fund, Canadian Equity Pool, Canadian Growth Fund, Small Cap Fund, Resource Fund, North American Equity Pool, Cyclical Pool, U.S. Dividend Pool, U.S. Equity Pool, U.S. Blue Chip Fund, U.S. Opportunities Fund, International Value Fund, Pacific Rim Fund, Global Small Cap Fund and Global Opportunities Fund. In addition, SAM is the portfolio advisor to the Scotia Partners Portfolios, the Scotia Selected Portfolios and the Scotia Vision Portfolios. The individual providing advice is as follows

<b>Portfolio Advisor</b>	<b>Current Title</b>	<b>Length of Service with Portfolio Advisor</b>	<b>Principal occupation in the last 5 years</b>
Judith Chan	Director, Portfolio Solutions - Canadian Banking	7 years	From September 2012 to present – Director, Portfolio Solutions, SAM From November 2008 to September 2012 – Senior Manager, Investment Oversight, SAM From September 2005 to November 2008 – Manager, Investment Oversight, Scotia Securities Inc.

Pursuant to an Investment Advisory Agreement dated as of February 19, 2007, as assigned to SAM on November 1, 2009, Baillie Gifford is the portfolio advisor to the Global Fund. The individuals providing advice are as follows:

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor</b>	<b>Principal occupation in the last 5 years</b>
Andrew Telfer	Chief Executive Officer	20 years	From May 2012 to present – Senior Partner, Baillie Gifford From May 2009 to May 2012 – Head of Institutional Clients Department From May 2006 to May 2009 – Director of Institutional Clients Department

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor</b>	<b>Principal occupation in the last 5 years</b>
Graham Laybourn	Head of Regulatory Risk Director of Legal and Regulatory Risk	8 years	From May 2004 to present – Head of Regulatory Risk, Baillie Gifford
Charles Plowden	Senior Partner and Chief of Investment Staff	29 years	From May 2006 to present – Joint Senior Partner and Chief of Investment Staff, Baillie Gifford From May 2005 to present – Investment Manager, Global Alpha Team, Baillie Gifford From May 1988 to present – Partner, Baillie Gifford
Spencer Adair	Investment Manager	12 years	From May 2007 to present – Investment Manager, Global Alpha Team, Baillie Gifford From September 2005 to September 2008 – Investment Manager, European Equities, Baillie Gifford
Malcolm MacColl	Investment Manager	13 years	From May 2005 to present – Investment Manager, Global Alpha Team, Baillie Gifford From September 2000 to September 2008 – Analyst and Investment Manager, North American Equities, Baillie Gifford

Pursuant to an Investment Advisory Agreement dated as of August 27, 2010, as amended on November 19, 2012, CI is the portfolio advisor to the Global Balanced Fund, Global Dividend Fund and Scotia U.S. Dividend Fund. Pursuant to such Investment Advisory Agreement, CI has the authority to delegate portfolio management of Scotia U.S. Dividend Fund to CI Global Investments Inc. The individuals providing advice are as follows:

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor (or an affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
Eric B. Bushell	Senior Vice-President, Portfolio Management	18 years	From January 2000 to present - Senior Vice-President, Portfolio Management, CI Investments Inc.

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor (or an affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
John W. Hadwen	Vice-President, Portfolio Management	5 years	Prior to August 2006 - Portfolio Manager, GCIC Ltd. From August 2006 to July 2007 - Vice President, Investments, KBSH Capital Management Inc. From July 2007 to present - Vice-President, Portfolio Management, CI Investments Inc.
J. Drummond Brodeur	Vice-President, Portfolio Management	5 years	Prior to July 2007 - Vice President, Investments, KBSH Capital Management Inc. From July 2007 to present - Vice-President, Portfolio Management, CI Investments Inc.
Geoffrey Marshall	Vice-President, Portfolio Management	5 years	From October 2006 to present –Vice President, Portfolio Manager, CI Investments Inc.
Alan Radlo	Chief Investment Officer	4 years	Chief Investment Officer, CI Global Investments Inc. since June 2011 Senior Vice-President, Portfolio Management, CI Global Investments Inc. since January 2008 Before December 2006, Portfolio Manager, Fidelity Investments

Pursuant to an Investment Advisory Agreement dated as of January 26, 2004, as assigned to SAM on November 1, 2009, CCLIM is the portfolio advisor to the Tactical Allocation Fund. The individuals providing advice are as follows:

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with Portfolio Advisor (or an affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
Larry Lunn	Director, Chairman and President	31 years	From March 1982 to present – Director, Chairman and President, CCLIM
Gordon MacDougall	Director and Vice-President	29 years	From January 1984 to present – Director and Vice President, CCLIM

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with Portfolio Advisor (or an affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
Brian Eby	Director and Vice President	14 years	From March 2002 to present – Director and Vice President, CCLIM
Martin Gerber	Director	21 years	From March 1999 to present – Director and Commodity Advising Officer, CCLIM
Dion Roseman	Vice President	9 years	From March 2005 to present – Partner, Connor, Clark & Lunn Investment Management Partnership From April 2004 to present – Portfolio Manager/Analyst, Equities, CCLIM
Nereo Piticco	Director and President (PCJ Investment Counsel Ltd.)	16 years	From August 1996 to present – Director and President, PCJ Investment Counsel Ltd.
Lloyd Rowlett	Director and Vice President (Scheer, Rowlett & Associates Investment Management Ltd.)	18 years	From January 1998 to present – Director and Vice President, Scheer, Rowlett & Associates Investment Management Ltd.

Pursuant to an Investment Advisory Agreement dated as of December 15, 2008, as assigned to SAM on November 1, 2009, F&C is the portfolio advisor to the Global Climate Change Fund. The individuals providing advice are as follows:

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor</b>	<b>Principal occupation in the last 5 years</b>
Sophie Horsfall	Head of Global Thematic Equities	11 years	From December 2001 to present – Global Equity Fund Manager, F&C
Richard Mercado, CFA	Director, Global Thematic Equities	4 years	From August 2010 to present - Fund Manager, Global Thematic Equities, F&C From August 2008 to August 2010 - Global Equity Analyst, F&C From January 2005 to June 2008 - Investment Analyst, CP2

Pursuant to an Investment Advisory Agreement dated as of August 30, 2010, Hermes is the portfolio advisor to the European Fund. The individuals providing advice are as follows:

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with Portfolio Advisor (or affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
James Rutherford	Chief Investment Officer	6 years	From December, 2006 until present - Chief Investment Officer, Hermes Sourcecap Limited From January 1998 to December, 2006 - portfolio manager and other positions with Fidelity International
Chi Chan	Senior Research Analyst	5 years	From January 2007 to present – Senior Research Analyst, Hermes Sourcecap Limited. From January 2004 to January 2007 – Execution, Hermes Sourcecap Limited.
Tim Crockford	Senior Research Analyst	4 years	From January 2008 to present – Senior Research Analyst, Hermes Sourcecap Limited. From January 2006 to January 2008 – Execution, Hermes Sourcecap Limited.
Andrew Parry	Chief Executive Officer	6 years	From November, 2006 until present - Chief Executive Officer of Hermes Sourcecap Limited. From January, 2003 until November, 2006 - Chief Executive Officer, Pembroke Capital Management

Pursuant to an amended and restated Investment Advisory Agreement dated as of January 25, 2008, as assigned to SAM on November 1, 2009, State Street is the portfolio advisor to the Canadian Bond Index Fund, Canadian Index Fund, U.S. Index Fund, International Index Fund, CanAm Index Fund and Nasdaq Index Fund. The individuals providing advice are as follows:

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor</b>	<b>Principal occupation in the last 5 years</b>
Peter Lindley	President and Head of Investments	7 years	From April 2010 to present – President and Head of Investments, SSgA From May 2007 to April 2010 – Vice President and Head of Investments & Fixed Income, SSgA

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor</b>	<b>Principal occupation in the last 5 years</b>
Emiliano Rabinovich, CFA	Vice President, Head of the Canadian Passive Equities Team, Senior Portfolio Manager	6 years	From April 2007 to present – Vice President, Portfolio Manager, Global Structured Products Group, SSgA
Raluca Petrescu, CFA	Principal, Portfolio Manager	7 years	From November, 2010 to present – Portfolio Manager, Global Structured Products Group, SSgA From August 2005 to 2010 – Manager, Requests for Proposal (RFPs) in the Marketing team, SSgA
Denis Senécal	Vice President, Head of Fixed Income and Cash	2 years	From 2010 to present – Vice President, Head of Fixed Income and Cash, SSgA From 2008 to 2009 – Vice President, responsible for interest rate management for the treasury, Caisse Centrale Desjardins,. From 2006 to 2008 – Managing Director, heading the alternative investment division, National Bank of Canada.
Louis Basque, CFA	Vice President, Senior Portfolio Engineer	12 years	From September 2005 to present – Vice President, Senior Product Engineer, SSgA
Claudio Ferri	Vice President, Senior Portfolio Manager	11 years	From September 2004 to present – Portfolio Manager, Fixed Income, SSgA
Christian Hoffmann, CFA	Principal, Portfolio Manager	8 years	From May 2007 to present – Principal, Portfolio Manager, Fixed Income, SSgA
Philippe Nolet, CFA, FRM	Principal, Portfolio Manager	2 years	From May 2010 to present – Portfolio Manager, Fixed Income, SSgA From 2006 to 2008 – analyst in charge of OTC derivatives pricing in the Valuation group, PSP Investments

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor</b>	<b>Principal occupation in the last 5 years</b>
Victor Grigore, CFA	Credit Analyst	2 years	From May 2010 to present – Credit Analyst within the Fixed Income and Cash Management group. SSgA From May 2007 to 2009 – credit analyst, RBC Capital Markets
Julien Bastien-Bouchard, CFA	Principal, Portfolio Manager	-	From May 2012 to present – Portfolio Manager, Fixed Income, SSgA From 2006 to 2012 – responsible for corporate bond trading in the Fixed Income group, Natcan Investment Management

Pursuant to an Investment Advisory Agreement dated as of November 19, 2012, SICB is the portfolio advisor to the Latin American Fund. The individuals providing advice are as follows:

<b>Portfolio Manager</b>	<b>Current Title</b>	<b>Length of Service with Portfolio Advisor (or an affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
Francisco J. Martínez	Associate Director, Equity Portfolio Manager	3 years	From July 2010 to present- Associate Director, Equity Portfolio Manager, SICB From March 2008 to June 2010- Senior Manager, Principal Afore
Piero Gutiérrez	Director of Investments	5 years	From September 2009 to present- Director, Investments, SICB From July 2008 to September 2009- Associate Director Equity, Scotia Gestion de Activos, SAM

Pursuant to an Investment Advisory Agreement dated as of April 23, 2007, as assigned to SAM on November 1, 2009, Thornburg is the portfolio advisor to the International Core Equity Pool. The individuals providing advice are as follows:

<b>Portfolio Manager (and Fund for which responsible)</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor</b>	<b>Principal occupation in the last 5 years</b>
Bill Fries (International Core Equity Pool)	Managing Director and Portfolio Manager	18 years	Managing Director and Co-Portfolio Manager
Wendy Trevisani (International Core Equity Pool)	Managing Director and Portfolio Manager	14 years	Managing Director and Co-Portfolio Manager
Lei Wang (International Core Equity Pool)	Managing Director and Portfolio Manager	9 years	Promoted to Co-Portfolio Manager in 2006 from associate portfolio manager

### **The Sub-advisor**

Pursuant to an Amended and Restated Investment Sub-Advisor Agreement dated March 7, 2011 and an Investment Sub-Advisor Agreement dated April 1, 2011, GCIC Ltd. (“GCICL”) is the sub-advisor to the T-Bill Fund, Premium T-Bill Fund, Money Market Fund, U.S. Money Market Fund, Short Term Bond Fund, Government Bond Pool, Mortgage Income Fund, Bond Fund, Income Fund, Corporate Bond Pool, U.S. Bond Fund, Global Bond Fund, Advantaged Income Pool, Monthly Income Fund, Income Advantage Fund, Balanced Fund, Dividend Income Fund, U.S. Balanced Fund, Preferred Share Pool, Dividend Fund, Canadian Blue Chip Fund, Canadian Equity Pool, Canadian Growth Fund, Small Cap Fund, Resource Fund, North American Equity Pool, Cyclical Pool, U.S. Dividend Pool, U.S. Equity Pool, U.S. Blue Chip Fund, U.S. Opportunities Fund, International Value Fund, Pacific Rim Fund, Global Small Cap Fund and Global Opportunities Fund. GCICL has the authority, subject to the direction of SAM, to give instructions to purchase and sell securities of the Funds in accordance with their respective objectives and restrictions. GCICL is a wholly owned subsidiary of DundeeWealth Inc., which is itself a wholly owned subsidiary of Scotiabank. The individuals providing advice are as follows:

<b>Portfolio Manager and Fund Mandate</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor (or an affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
Oscar Belaiche <i>Scotia Diversified Monthly Income Fund Scotia Private Real Estate Income Pool</i>	Vice President, Counselling	15 years	Joined GCICL in October 1997

<b>Portfolio Manager and Fund Mandate</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor (or an affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
Romas Budininkas <i>Scotia Bond Fund</i> <i>Scotia T-Bill Fund</i> <i>Scotia Premium T-Bill Fund</i> <i>Scotia Canadian Income Fund</i>	Vice President & Portfolio Manager	21 years	Joined GCICL in March 2011 From November 2009 to March 2011 – Managing Director, Fixed Income Investments, SAM From March 2003 to November 2009 – Managing Director, Fixed Income Investments, Scotia Cassels Investment Counsel Limited
Robert Cohen <i>Scotia Resource Fund (Co-Manager)</i>	Vice President & Portfolio Manager	14 years	Joined GCICL in January 1998
Adam Donsky <i>Scotia Canadian Blue Chip Fund</i> <i>Scotia U.S. Blue Chip Fund</i>	Vice President & Portfolio Manager	8 years	Joined GCICL in February 2004
David L. Fingold <i>Scotia Global Opportunities Fund</i> <i>Scotia U.S. Opportunities Fund</i> <i>Scotia U.S. Balanced Fund (Co-Manager)</i> <i>Scotia Private U.S. Equity Pool</i>	Vice-President & Portfolio Manager	10 years	Joined GCICL in January 2002
Jason Gibbs <i>Scotia Canadian Dividend Fund</i> <i>Scotia Private Advantaged Income Pool</i> <i>Scotia Income Advantage Fund</i>	Vice President & Portfolio Manager	12 years	Joined GCICL in May 2000
William Girard <i>Scotia Money Market Fund</i> <i>Scotia U.S. \$ Money Market Fund</i> <i>Scotia Private Canadian Corporate Bond Pool</i>	Portfolio Manager	17 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

<b>Portfolio Manager and Fund Mandate</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor (or an affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
Alexander Lane <i>Scotia Global Small Cap Fund</i> <i>Scotia Canadian Growth Fund</i> <i>Scotia Canadian Small Cap Fund</i> <i>Scotia Private Cyclical Opportunities Pool</i>	Vice President & Portfolio Manager	11 years	Joined GCICL in October 2000
Susan J. Lavigne <i>Scotia Private North American Equity Pool</i> <i>Scotia Private Canadian Equity Pool</i> <i>Scotia Private U.S. Dividend Pool</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
Michael McHugh <i>Scotia U.S. \$ Balanced Fund (Co-Manager)</i>	Vice President, Counselling	16 years	Joined GCICL in October 1996
Cecilia Mo <i>Scotia Canadian Dividend Income Fund</i>	Vice President & Portfolio Manager	1 year	Joined GCICL in October 2011 From 2001 to October 2011 – Research Analyst, Fidelity Investments
Kevin Pye <i>Scotia Short Term Bond Fund</i> <i>Scotia Mortgage Income Fund</i> <i>Scotia Private Short-Mid Government Bond Pool</i>	Portfolio Manager	2 years	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
Jennifer Stevenson <i>Scotia Resource Fund (Co-Manager)</i>	Vice President & Portfolio Manager, Energy	1 year	Joined GCICL in August 2010. Prior to August 2010, Ms. Stevenson was Managing Director and Portfolio Manager with Quest Investment Management Corp.

<b>Portfolio Manager and Fund Mandate</b>	<b>Current Title</b>	<b>Length of Service with portfolio advisor (or an affiliated entity)</b>	<b>Principal occupation in the last 5 years</b>
Nicholas Van Sluytman <i>Scotia U.S. \$ Bond Fund</i> <i>Scotia Global Bond Fund</i> <i>Scotia Private Short-Mid Government Bond Pool</i> <i>Scotia Private Canadian Preferred Share Pool</i>	Portfolio Manager	22 years	Joined GCICL in March 2011 From November 2009 to March 2011 - Portfolio Manager, SAM From November 2006 to November 2009 – Portfolio Manager, Scotia Cassels Investment Counsel Limited
Chuk Wong <i>Scotia International Value Fund</i> <i>Scotia Pacific Rim Fund</i>	Vice President, Counselling	16 years	Joined GCICL in February 1996
Thomas Dicker <i>Scotia Private Real Estate Income Pool</i>	Portfolio Manager	1 year	Joined in April 2011 From October 2010 to February 2011 – Manager, LDIC Inc. From January 2007 to October 2010 – Investment Analyst and Head Trader, LDIC Inc. From December 2004 to December 2006 – Trader, LDIC Inc.

The investment decisions of the individual portfolio advisors or sub-advisor listed above (other than the portfolio managers of SAM) are not subject to the oversight, approval or ratification of any SAM committee.

### **Fund Governance**

SAM, the trustee and manager of the Funds, is responsible for the day-to-day administration and management of the Funds. SAM is the portfolio advisor for some of the Funds and retains various portfolio advisors or GCICL as sub-advisor for the rest of the Funds. SAM receives regular reports from its portfolio advisors and GCICL regarding their compliance with applicable investment guidelines and parameters and compliance with the investment restrictions and practices 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.

Risk management is dealt with on a number of levels. The investment advisory agreements between the Manager and the portfolio advisors and GCICL specify that the Funds must comply with the investment restrictions and practices outlined in applicable securities legislation, including NI 81-102, subject to any exemption granted by the CSA. The portfolio advisors and GCICL have established policies and guidelines relating to business practices, risk management controls and conflicts of interest. In addition, each portfolio advisor and GCICL has its own code of ethics that addresses such things as personal trading by employees.

#### *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 IRC became operational under NI 81-107 on November 1, 2007. The members of the IRC are independent from, the Manager, Scotiabank, GCICL or any of the Funds’ portfolio advisors and currently are Robert S. Bell (Chair), Carol S. Perry and D. Murray Paton. The IRC must act in the best interests of the Funds’ unitholders.

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. Commencing with 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 and each of them also received \$1,500 for each meeting attended. The aggregate compensation paid to the IRC for the period ended December 31, 2011 was \$170,000. These fees and expenses will be allocated among 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.

### *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. We delegate proxy voting responsibility in respect of the securities held by each Fund to the Fund’s portfolio advisor or the sub-advisor. Each third-party portfolio advisor’s or sub-advisor’s proxy voting policies and procedures guide that portfolio advisor or sub-advisor in determining whether and how to vote on any matter for which the relevant Fund received proxy materials. We review the proxy voting policies of each third party portfolio advisor to ensure that the voting rights will be exercised in accordance with the best interests of the Fund.

#### *Scotia Portfolios*

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

##### Fund of funds investments

Certain of the Funds, including the Scotia Partners Portfolios, the Scotia Selected Portfolios and the Scotia Vision Portfolios invest in other underlying mutual funds, including mutual funds managed by us. If a unitholder meeting is called for an underlying fund that is managed by us, SAM will not vote the units of the underlying mutual fund. SAM may arrange for these securities to be voted by unitholders 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.

#### *Index Funds*

Oversight of the proxy voting process is the responsibility of an investment committee at State Street. In order to assist in the due diligence process, State Street has retained a firm with

expertise in the proxy voting and corporate governance areas. On routine matters, State Street generally votes in support of management's recommendations. However, each proxy is reviewed individually and, in certain circumstances, State Street may vote against management's recommendation on routine matters if such recommendation is deemed not to be in a Fund's best interests. Non-routine matters are dealt with on a case-by-case basis and State Street will support management's recommendations if they maximize shareholder value. In instances where issues are not addressed by a policy, the Chairman of State Street's investment committee will be consulted for voting guidance. In addressing potential conflicts of interest, the investment committee is guided by its duty to ensure that proxies are voted in a Fund's, and not State Street's, best interests. In circumstances where a potential material conflict cannot be dealt with within an existing proxy voting policy or is of such a nature that State Street believes more active involvement is required, the Chairman presents the proxy to the investment committee who may recommend that an independent third party be retained to determine the appropriate vote.

#### *European Fund*

Hermes Sourcecap has adopted a written proxy voting policy and procedures. In the event that Hermes Sourcecap 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 Hermes Sourcecap and/or its employees and its clients to ensure that any material conflict of interest is resolved in the best interests of its clients.

#### *Latin American Fund*

SICB has established a proxy voting committee and adopted proxy voting guidelines and procedures. The committee meets at least annually to review these guidelines as well as other proxy voting issues. SICB also retains a third party proxy voting service provider to assist in the management of the proxy voting process. The service provider facilitates SICB's proxy voting in accordance with the guidelines and assists in the maintenance of SICB's proxy voting record. In certain circumstances, such as potential conflicts of interest, the third party service provider may also be requested to help decide certain proxy votes. SICB's proxy voting guidelines cover a range of matters that are frequently presented for shareholder votes, some of which may be considered routine. Depending on the issue, SICB guidelines set out when it will vote in favour or against a proposal or when a case by case evaluation is required. SICB may determine to deviate from the guidelines in its discretion when such deviation is deemed to be in its clients' best interests. Non-routine matters are evaluated and voted upon on a case by case basis, generally following consultation with the appropriate portfolio manager.

#### *Tactical Allocation Fund*

CCLIM retains the services of an independent proxy review firm for proxy voting guidance. CCLIM reviews each proxy, along with the recommendations made by the independent firm, and determines how to vote. CCLIM does not distinguish between routine and non-routine matters when reviewing proxies and although CCLIM may vote in accordance with the recommendations of management on routine matters, each proxy issue is considered

separately and voted in accordance with the best interests of the Fund. Should a conflict of interest arise, CCLIM's compliance officer will be involved with the proxy vote to ensure proxies are voted in a Fund's best interest.

### *Global Fund*

Baillie Gifford has adopted the Principles of Corporate Governance (the "Guidelines") developed by the Organisation for Economic Co-operation and Development (OECD), which cover six areas: the basis for an effective corporate governance framework, the rights of shareholders, the equitable treatment of shareholders, the role of stakeholders, disclosure and transparency and the responsibilities of the board. Its Corporate Governance Team develops and administers these Guidelines. The Corporate Governance and SRI Manager reports to the Chief Investment Officer. In evaluating each proxy for both routine and non-routine matters, the Corporate Governance Team follows the Guidelines. It considers third party analysis, Baillie Gifford's own research and discussions with company management. If a proxy involves a non-routine matter, the Corporate Governance Team will consult with the appropriate investment team regarding the proposed vote. If a vote is cast contrary to the Guidelines, the reasons for the vote are documented. The Corporate Governance and SRI Manager is responsible for monitoring possible material conflicts of interest with respect to proxy voting. For proxy votes that involve a potential conflict of interest that are inconsistent with (or not covered by) the Guidelines but that are consistent with management's recommendation, the Management Committee of Baillie Gifford, comprised of five senior Baillie Gifford partners, will review the voting rationale, consider whether business relationships between Baillie Gifford and the company have influenced the proposed inconsistent vote and decide the course of action to be taken in the best interest of the Fund.

### *Global Dividend Fund and Global Balanced Fund*

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.

### *International Core Equity Pool*

Thornburg evaluates proxy voting matters on a case-by-case basis, seeking to enhance the value of a security or reduce the potential for a decline in the security's value. It may abstain from voting or decline to vote in those cases where there appears to be no relationship between the issue and the enhancement or preservation of an investment's value. Thornburg has appointed a Proxy Voting Coordinator to discharge various functions relating to its proxy voting policy. In general, the portfolio manager responsible for the Fund is responsible for the decision to vote (or not vote) the Fund's proxies. The President may also exercise this authority or the portfolio manager or President may delegate this responsibility to other individuals. In

exercising voting authority, Thornburg considers voting recommendations and other information and analysis from service providers engaged by it. Where the portfolio manager determines that a proxy vote involves a conflict of interest and the vote relates to an uncontested routine matter, Thornburg shall vote the proxy in accordance with the recommendation of any proxy voting service engaged by it. If no recommendation is available or if the vote involves a non-routine matter, Thornburg shall refer the vote to the Fund for voting direction or consent to vote in accordance with Thornburg's recommendation.

#### *Climate Change Fund*

F&C has retained an independent third party to vote the securities held by the Climate Change Fund in accordance with a set of comprehensive guidelines provided by the portfolio managers. These guidelines deal with routine and non-routine matters and specifically cover the following areas: operational matters, the board of directors, proxy contests, anti-takeover defences and voting related issues, mergers and corporate restructurings, state of incorporation, capital structure, and executive and director compensation. The guidelines also address how to vote on proposals in connection with corporate social responsibility issues, with a section specifically on climate change and the environment. For each matter covered, the guidelines set out when the vote should be cast in favour of or against a proposal, or when a case-by-case evaluation is required. The guidelines serve as a standing policy for voting on these matters. The guidelines provide that both routine and non-routine matters are to be considered on a case-by-case basis in accordance with the specific criteria set out in the guidelines. The guidelines do not provide for deviation from this standing policy in respect of both routine and non-routine matters.

*T-Bill Fund, Premium T-Bill Fund, Money Market Fund, U.S. Money Market Fund, Short Term Bond Fund, Government Bond Pool, Mortgage Income Fund, Bond Fund, Income Fund, Corporate Bond Pool, U.S. Bond Fund, Global Bond Fund, Advantaged Income Pool, Monthly Income Fund, Income Advantage Fund, Balanced Fund, Dividend Income Fund, U.S. Balanced Fund, Preferred Share Pool, Dividend Fund, Canadian Blue Chip Fund, Canadian Equity Pool, Canadian Growth Fund, Small Cap Fund, Resource Fund, North American Equity Pool, Cyclical Pool, U.S. Dividend Pool, U.S. Equity Pool, U.S. Blue Chip Fund, U.S. Opportunities Fund, International Value Fund, Pacific Rim Fund, Global Small Cap Fund and Global Opportunities Fund*

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.

#### *Availability of Proxy Voting Information*

The Proxy Voting Policy, each third party portfolio advisor and the sub-advisor's 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](http://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 Permitted 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 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 the applicable rule. 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 advisors and reviewed and monitored as part of the portfolio advisor's ongoing compliance procedures and risk control measures.

## **The Distributor**

The unissued Series A, Series F, Premium Series and Advisor Series units 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, the 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, 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 or the sub-advisor 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 adviser, 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](mailto:info@scotiaam.com) or by writing to us at the address on the back cover of this annual information form.

### **Changes to the Master Declaration of Trust**

Certain amendments to the Master Declaration of Trust governing the Funds, such as a change in the fundamental investment objectives of a Fund, or any other change for which the approval of unitholders is required by securities regulatory authorities or pursuant to the Master Declaration of Trust, may not be made without the approval of a majority of votes cast at a meeting of unitholders duly called for that purpose. All other amendments to the Master Declaration of Trust may be made by the trustee without unitholder approval.

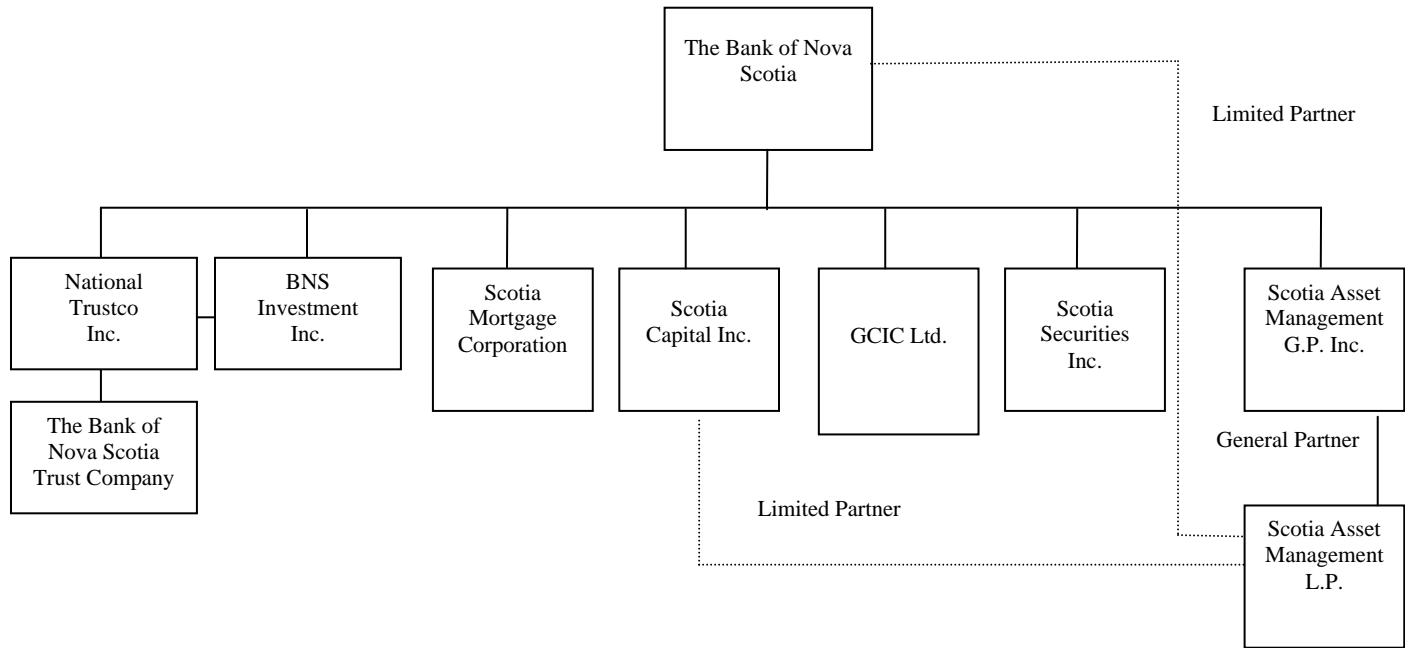
Pursuant to the Master Declaration of Trust, where the trustee resigns, is removed or is otherwise incapable of acting, a successor trustee can be appointed by the Manager of the Fund without the approval of the unitholders. If the Manager fails to appoint a new trustee, provision is made in the Master Declaration of Trust for the unitholders to appoint a successor trustee.

### **The Promoter**

SAM is the promoter of the Funds created after November 2010. 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 Mortgage Corporation, The Bank of Nova Scotia Trust Company, Scotia Capital Inc., Scotia Securities Inc. and GCICL. 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 November 1, 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 November 1, 2012, the principal holders of securities of each series of units of the Funds were as follows:

Name and address of holder	Issuer	Series of holdings	Type of Ownership	Number of Securities	Percentage of Series
Individual A	Scotia Diversified Monthly Income Fund	Series F units	beneficial	10,020	11.7%
Individual B	Scotia Diversified Monthly Income Fund	Series F units	beneficial	12,508	14.6%
Individual C	Scotia Diversified Monthly Income Fund	Series F units	beneficial	19,986	23.3%
Individual D	Scotia Selected Balanced & Income Growth Portfolio	Series F units	beneficial	7,266	100.0%
Individual E	Scotia Selected Moderate Growth Portfolio	Series F units	beneficial	1,734	100.0%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Individual F	Scotia Partners Income & Modest Growth Portfolio	Series F units	beneficial	2,605	90.1%
Individual G	Scotia Partners Balanced Income & Growth Portfolio	Series F units	beneficial	1,864	22.3%
Individual H	Scotia Partners Balanced Income & Growth Portfolio	Series F units	beneficial	1,801	21.6%
Individual I	Scotia Partners Balanced Income & Growth Portfolio	Series F units	beneficial	2,236	26.8%
Individual J	Scotia Partners Balanced Income & Growth Portfolio	Series F units	beneficial	1,293	15.5%
Individual K	Scotia Partners Aggressive Growth Portfolio	Series F units	beneficial	2,518	12.1%
Individual L	Scotia Partners Aggressive Growth Portfolio	Series F units	beneficial	3,338	16.0%
Individual M	Scotia Partners Aggressive Growth Portfolio	Series F units	beneficial	10,092	48.3%
Individual N	Scotia Canadian Blue Chip Fund	Series F units	beneficial	126	100.0%
Individual O	Scotia U.S. \$ Bond Fund	Series F units	beneficial	7,917	28.1%
Individual P	Scotia U.S. \$ Bond Fund	Series F units	beneficial	4,371	15.5%
Individual Q	Scotia U.S. \$ Bond Fund	Series F units	beneficial	3,477	12.4%
Individual R	Scotia U.S. \$ Bond Fund	Series F units	beneficial	7,246	25.8%
Individual S	Scotia Resource Fund	Series F units	beneficial	1,718	10.3%
Individual T	Scotia Resource Fund	Series F units	beneficial	3,446	20.6%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Individual U	Scotia Resource Fund	Series F units	beneficial	2,404	14.4%
Individual V	Scotia Resource Fund	Series F units	beneficial	7,201	43.1%
Individual W	Scotia Latin American Fund	Series F units	beneficial	298	13.5%
Individual X	Scotia Latin American Fund	Series F units	beneficial	1,918	86.5%
Individual Y	Scotia Canadian Tactical Asset Allocation Fund	Series F units	beneficial	197	12.7%
Individual Z	Scotia Canadian Tactical Asset Allocation Fund	Series F units	beneficial	709	45.9%
Individual AA	Scotia Canadian Tactical Asset Allocation Fund	Series F units	beneficial	533	34.5%
Individual BB	Scotia Canadian Growth Fund	Series F units	beneficial	159	42.9%
Individual CC	Scotia Canadian Growth Fund	Series F units	beneficial	211	57.1%
Individual DD	Scotia Global Growth Fund	Series F units	beneficial	153	100.0%
Individual EE	Scotia Canadian Income Fund	Series F units	beneficial	52,535	29.3%
Individual FF	Scotia Canadian Income Fund	Series F units	beneficial	27,580	15.4%
Individual GG	Scotia Canadian Balanced Fund	Series F units	beneficial	1,406	40.3%
Individual HH	Scotia Canadian Balanced Fund	Series F units	beneficial	385	11.0%
Individual II	Scotia Canadian Balanced Fund	Series F units	beneficial	1,324	37.9%
Company A	Scotia Canadian Index Fund	Series F units	beneficial	5,119	93.0%
Individual JJ	Scotia Canadian Bond Index Fund	Series F units	beneficial	4,384	48.8%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Individual KK	Scotia Canadian Bond Index Fund	Series F units	beneficial	1,656	18.4%
Individual LL	Scotia Canadian Bond Index Fund	Series F units	beneficial	1,324	14.7%
Individual MM	Scotia International Index Fund	Series F units	beneficial	234	100.0%
Individual NN	Scotia Nasdaq Index Fund	Series F units	beneficial	2,333	100.0%
Scotia Private U.S. Dividend Class	Scotia Private U.S. Dividend Pool	Series I Units	beneficial	329,485	100.0%
Scotia INNOVA Balanced Growth Portfolio	Scotia Private Canadian Preferred Share Pool	Series I Units	beneficial	4,548,027	73.7%
Scotia INNOVA Growth Portfolio	Scotia Private Canadian Preferred Share Pool	Series I Units	beneficial	1,493,969	24.2%
Scotia Selected Income & Modest Growth Portfolio	Scotia Global Dividend Fund	Series I units	beneficial	1,351,445	27.9%
Scotia Selected Balanced Income & Growth Portfolio	Scotia Global Dividend Fund	Series I units	beneficial	3,408,042	70.5%
Scotia Selected Income & Modest Growth Portfolio	Scotia Bond Fund	Series I units	beneficial	9,502,621	33.0%
Scotia Selected Balanced Income & Growth Portfolio	Scotia Bond Fund	Series I units	beneficial	14,077,324	48.9%
Scotia Selected Moderate Growth Portfolio	Scotia Bond Fund	Series I units	beneficial	4,836,408	16.8%
Scotia INNOVA Balanced Growth Portfolio	Scotia Private U.S. Equity Pool	Series I units	beneficial	3,513,843	38.7%
Scotia INNOVA Growth Portfolio	Scotia Private U.S. Equity Pool	Series I units	beneficial	1,828,427	20.1%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Scotia INNOVA Balanced Income Portfolio	Scotia Private U.S. Equity Pool	Series I units	beneficial	2,691,102	29.6%
Scotia INNOVA Balanced Growth Portfolio	Scotia Private Canadian Equity Pool	Series I units	beneficial	7,223,455	34.0%
Scotia INNOVA Growth Portfolio	Scotia Private Canadian Equity Pool	Series I units	beneficial	3,620,846	17.1%
Scotia INNOVA Balanced Income Portfolio	Scotia Private Canadian Equity Pool	Series I units	beneficial	5,418,905	25.5%
Scotia INNOVA Income Portfolio	Scotia Private Canadian Equity Pool	Series I units	beneficial	3,385,556	16.0%
Scotia INNOVA Balanced Income Portfolio	Scotia Private Short-Mid Government Bond Pool	Series I units	beneficial	7,434,495	20.0%
Scotia INNOVA Income Portfolio	Scotia Private Short-Mid Government Bond Pool	Series I units	beneficial	22,903,502	61.6%
Company B	Scotia Private Short-Mid Government Bond Pool	Series I units	beneficial	6,849,503	18.4%
Scotia INNOVA Income Portfolio	Scotia Private Canadian Corporate Bond Pool	Series I units	beneficial	15,125,663	15.7%
Scotia Diversified Monthly Income Fund	Scotia Private Canadian Corporate Bond Pool	Series I units	beneficial	43,404,812	45.2%
Scotia Vision Conservative 2015 Portfolio	Scotia Canadian Blue Chip Fund	Series I units	beneficial	55,657	18.7%
Scotia Vision Aggressive 2020 Portfolio	Scotia Canadian Blue Chip Fund	Series I units	beneficial	46,414	15.6%
Scotia Vision Conservative 2020 Portfolio	Scotia Canadian Blue Chip Fund	Series I units	beneficial	63,899	21.4%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Scotia Vision Aggressive 2030 Portfolio	Scotia Canadian Blue Chip Fund	Series I units	beneficial	36,430	12.2%
Scotia Vision Conservative 2030 Portfolio	Scotia Canadian Blue Chip Fund	Series I units	beneficial	43,637	14.6%
Scotia Vision Conservative 2010 Portfolio	Scotia Money Market Fund	Series I units	beneficial	250,259	23.7%
Scotia Vision Conservative 2015 Portfolio	Scotia Money Market Fund	Series I units	beneficial	391,624	37.0%
Scotia Vision Conservative 2020 Portfolio	Scotia Money Market Fund	Series I units	beneficial	335,422	31.7%
Scotia Selected Income & Modest Growth Portfolio	Scotia Mortgage Income Fund	Series I units	beneficial	4,734,096	25.1%
Scotia Selected Balanced Income & Growth Portfolio	Scotia Mortgage Income Fund	Series I units	beneficial	6,724,802	35.6%
Scotia Selected Moderate Growth Portfolio	Scotia Mortgage Income Fund	Series I units	beneficial	2,446,913	13.0%
Scotia Diversified Monthly Income Fund	Scotia Mortgage Income Fund	Series I units	beneficial	4,800,002	25.4%
Scotia Selected Income & Modest Growth Portfolio	Scotia Resource Fund	Series I units	beneficial	327,560	54.5%
Scotia Selected Aggressive Growth Portfolio	Scotia Resource Fund	Series I units	beneficial	273,208	45.5%
Scotia Vision Conservative 2020 Portfolio	Scotia Pacific Rim Fund	Series I units	beneficial	51,202	35.3%
Scotia Vision Aggressive 2030 Portfolio	Scotia Pacific Rim Fund	Series I units	beneficial	36,525	25.2%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Scotia Vision Conservative 2030 Portfolio	Scotia Pacific Rim Fund	Series I units	beneficial	57,332	39.5%
Scotia Vision Aggressive 2020 Portfolio	Scotia Latin American Fund	Series I units	beneficial	22,493	24.3%
Scotia Vision Conservative 2020 Portfolio	Scotia Latin American Fund	Series I units	beneficial	22,742	24.6%
Scotia Vision Aggressive 2030 Portfolio	Scotia Latin American Fund	Series I units	beneficial	16,176	17.5%
Scotia Vision Conservative 2030 Portfolio	Scotia Latin American Fund	Series I units	beneficial	24,801	26.8%
Scotia Selected Balanced Income & Growth Portfolio	Scotia Canadian Growth Fund	Series I units	beneficial	738,035	46.3%
Scotia Selected Moderate Growth Portfolio	Scotia Canadian Growth Fund	Series I units	beneficial	576,696	36.2%
Scotia Selected Aggressive Growth Portfolio	Scotia Canadian Growth Fund	Series I units	beneficial	186,014	11.7%
Scotia Selected Income & Modest Growth Portfolio	Scotia Global Growth Fund	Series I units	beneficial	608,609	11.1%
Scotia Selected Balanced Income & Growth Portfolio	Scotia Global Growth Fund	Series I units	beneficial	2,376,996	43.2%
Scotia Selected Moderate Growth Portfolio	Scotia Global Growth Fund	Series I units	beneficial	2,006,382	36.4%
Scotia Vision Aggressive 2030 Portfolio	Scotia European Fund	Series I units	beneficial	47,860	100.0%
Scotia INNOVA Income Portfolio	Scotia Canadian Income Fund	Series I units	beneficial	31,661,504	12.7%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Scotia Canadian Balanced Fund	Scotia Canadian Income Fund	Series I units	beneficial	62,943,690	25.2%
Scotia Diversified Monthly Income Fund	Scotia Canadian Income Fund	Series I units	beneficial	29,998,493	12.0%
Scotia Vision Conservative 2010 Portfolio	Scotia Global Bond Fund	Series I units	beneficial	197,556	10.9%
Scotia Vision Conservative 2015 Portfolio	Scotia Global Bond Fund	Series I units	beneficial	498,681	27.6%
Scotia Vision Conservative 2020 Portfolio	Scotia Global Bond Fund	Series I units	beneficial	510,639	28.3%
Scotia Vision Conservative 2030 Portfolio	Scotia Global Bond Fund	Series I units	beneficial	200,756	11.1%
Scotia Vision Conservative 2015 Portfolio	Scotia Canadian Index Fund	Series I units	beneficial	207,308	21.8%
Scotia Vision Aggressive 2020 Portfolio	Scotia Canadian Index Fund	Series I units	beneficial	109,323	11.5%
Scotia Vision Conservative 2020 Portfolio	Scotia Canadian Index Fund	Series I units	beneficial	236,201	24.9%
Scotia Vision Aggressive 2030 Portfolio	Scotia Canadian Index Fund	Series I units	beneficial	95,680	10.1%
Scotia Vision Conservative 2030 Portfolio	Scotia Canadian Index Fund	Series I units	beneficial	138,764	14.6%
Scotia Vision Conservative 2015 Portfolio	Scotia U.S. Index Fund	Series I units	beneficial	116,980	20.6%
Scotia Vision Aggressive 2020 Portfolio	Scotia U.S. Index Fund	Series I units	beneficial	82,153	14.5%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Scotia Vision Conservative 2020 Portfolio	Scotia U.S. Index Fund	Series I units	beneficial	135,032	23.8%
Scotia Vision Aggressive 2030 Portfolio	Scotia U.S. Index Fund	Series I units	beneficial	78,572	13.8%
Scotia Vision Conservative 2030 Portfolio	Scotia U.S. Index Fund	Series I units	beneficial	71,713	12.6%
Scotia Vision Conservative 2015 Portfolio	Scotia Canadian Small Cap Fund	Series I units	beneficial	65,925	13.2%
Scotia Vision Aggressive 2020 Portfolio	Scotia Canadian Small Cap Fund	Series I units	beneficial	89,795	17.9%
Scotia Vision Conservative 2020 Portfolio	Scotia Canadian Small Cap Fund	Series I units	beneficial	99,132	19.8%
Scotia Vision Aggressive 2030 Portfolio	Scotia Canadian Small Cap Fund	Series I units	beneficial	97,129	19.4%
Scotia Vision Conservative 2030 Portfolio	Scotia Canadian Small Cap Fund	Series I units	beneficial	103,593	20.7%
Scotia INNOVA Balanced Growth Portfolio	Scotia Canadian Dividend Fund	Series I units	beneficial	3,532,249	11.6%
Scotia INNOVA Income Portfolio	Scotia Canadian Dividend Fund	Series I units	beneficial	3,243,729	10.7%
Scotia Partners Balanced Income & Growth Portfolio	Scotia Canadian Dividend Fund	Series I units	beneficial	4,685,370	15.4%
Scotia Partners Moderate Growth Portfolio	Scotia Canadian Dividend Fund	Series I units	beneficial	4,728,842	15.5%
Scotia Vision Conservative 2010 Portfolio	Scotia Canadian Bond Index Fund	Series I units	beneficial	385,655	12.5%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Scotia Vision Conservative 2015 Portfolio	Scotia Canadian Bond Index Fund	Series I units	beneficial	808,112	26.2%
Scotia Vision Conservative 2020 Portfolio	Scotia Canadian Bond Index Fund	Series I units	beneficial	923,331	29.9%
Scotia Vision Conservative 2030 Portfolio	Scotia Canadian Bond Index Fund	Series I units	beneficial	332,140	10.8%
Scotia Vision Conservative 2015 Portfolio	Scotia International Index Fund	Series I units	beneficial	418,347	20.5%
Scotia Vision Aggressive 2020 Portfolio	Scotia International Index Fund	Series I units	beneficial	256,822	12.6%
Scotia Vision Conservative 2020 Portfolio	Scotia International Index Fund	Series I units	beneficial	477,462	23.4%
Scotia Vision Aggressive 2030 Portfolio	Scotia International Index Fund	Series I units	beneficial	281,843	13.8%
Scotia Vision Conservative 2030 Portfolio	Scotia International Index Fund	Series I units	beneficial	335,090	16.4%
Scotia Selected Moderate Growth Portfolio	Scotia Global Opportunities Fund	Series I units	beneficial	5,439,359	75.0%
Scotia Selected Aggressive Growth Portfolio	Scotia Global Opportunities Fund	Series I units	beneficial	1,351,553	18.6%
Scotia Selected Income & Modest Growth Portfolio	Scotia U.S. Opportunities Fund	Series I units	beneficial	966,137	10.7%
Scotia Selected Balanced Income & Growth Portfolio	Scotia U.S. Opportunities Fund	Series I units	beneficial	3,510,302	39.0%
Scotia Selected Moderate Growth Portfolio	Scotia U.S. Opportunities Fund	Series I units	beneficial	3,088,953	34.3%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Scotia Selected Income & Modest Growth Portfolio	Scotia International Value Fund	Series I units	beneficial	1,902,031	10.7%
Scotia Selected Balanced Income & Growth Portfolio	Scotia International Value Fund	Series I units	beneficial	7,613,785	43.0%
Scotia Selected Moderate Growth Portfolio	Scotia International Value Fund	Series I units	beneficial	5,179,177	29.3%
Scotia Selected Balanced Income & Growth Portfolio	Scotia Global Small Cap Fund	Series I units	beneficial	1,093,926	12.6%
Scotia Selected Moderate Growth Portfolio	Scotia Global Small Cap Fund	Series I units	beneficial	5,440,798	62.6%
Scotia Selected Aggressive Growth Portfolio	Scotia Global Small Cap Fund	Series I units	beneficial	1,390,935	16.0%
Company C	Scotia Global Climate Change Fund	Advisor Series units	beneficial	10,357	27.0%
Individual OO	Scotia Selected Balanced Income & Growth Portfolio	Advisor Series units	beneficial	1,462	25.8%
Individual PP	Scotia Selected Balanced Income & Growth Portfolio	Advisor Series units	beneficial	3,766	66.4%
Company D	Scotia Selected Moderate Growth Portfolio	Advisor Series units	beneficial	8	100.0%
Individual QQ	Scotia Selected Aggressive Growth Portfolio	Advisor Series units	beneficial	127	17.8%
Individual RR	Scotia Selected Aggressive Growth Portfolio	Advisor Series units	beneficial	528	73.9%
Individual SS	Scotia Global Growth Fund	Advisor Series units	beneficial	128	13.2%
Individual TT	Scotia Global Growth Fund	Advisor Series units	beneficial	452	46.6%

<b>Name and address of holder</b>	<b>Issuer</b>	<b>Series of holdings</b>	<b>Type of Ownership</b>	<b>Number of Securities</b>	<b>Percentage of Series</b>
Individual UU	Scotia Global Opportunities Fund	Advisor Series units	beneficial	2,666	12.6%
Company E	Scotia Canadian Tactical Asset Allocation Fund	Advisor Series units	beneficial	11,171	11.3%
Company F	Scotia Canadian Growth Fund	Advisor Series units	beneficial	3,364	35.0%
Individual VV	Scotia Canadian Growth Fund	Advisor Series units	beneficial	1,177	12.2%
Individual WW	Scotia Selected Income & Modest Growth Portfolio	Advisor Series units	beneficial	69,305	96.8%
Individual XX	Scotia Global Growth Fund	Advisor Series units	beneficial	323	33.3%
Individual YY	Scotia Global Opportunities Fund	Advisor Series units	beneficial	2,457	11.6%
Company G	Scotia Global Opportunities Fund	Advisor Series units	beneficial	3,159	14.9%
Individual ZZ	Scotia International Value Fund	Advisor Series units	beneficial	1,469	76.3%
Individual AB	Scotia International Value Fund	Advisor Series units	beneficial	443	23.0%
Company H	Scotia Private International Core Equity Pool	Manager Series units	beneficial	591,338	13.5%
Company I	Scotia Private International Core Equity Pool	Manager Series units	beneficial	470,685	10.8%
Company J	Scotia Money Market Fund	Manager Series units	beneficial	12,514,168	10.8%

To protect the privacy of individual investors, we have omitted the name of the individual investor (or their holding entity). This information is available on request by contacting us at the telephone number on the back cover of this annual information form.

As at November 1, 2012, the directors and senior officers of SAM, in aggregate, did not beneficially own more than 10%, directly or indirectly, any securities of any series of a Fund. As at November 1, 2012, the directors and senior officers of SAM, did not own any securities of

SAM or a service provider to the Funds or SAM, other than common shares of Scotiabank. Such holdings represented less than 1% of the outstanding common shares of Scotiabank.

As at November 1, 2012, the members of the IRC, in aggregate, did not beneficially own more than 10%, directly or indirectly, any securities of any series of a Fund. As at November 1, 2012, the members of the IRC, did not own any securities of SAM or a service provider to the Funds 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 Master Declaration of Trust, the Master Management Agreement, the Master Distributorship Agreement, the Custodian Agreement and the Master Registrar and Transfer Agency Agreement are available for inspection at the head office of SAM during normal business hours.

### *Master Declaration of Trust*

The Funds are governed by the Master Declaration of Trust, amended as of November 19, 2012. The Funds were settled with effect for each Fund as set out below. The Funds will continue until terminated by the Trustee. Subject to applicable securities laws and regulations, the Trustee is empowered to take all steps necessary to effect the termination of such Funds.

The T-Bill Fund was created pursuant to a declaration of trust dated October 3, 1991, as amended by a supplemental deed of trust dated May 1, 1996 and as amended and restated on December 1, 1999. The declaration of trust for the T-Bill Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007.

The Premium T-Bill Fund was created pursuant to a declaration of trust dated July 10, 1992, as amended by a supplemental deed of trust dated May 1, 1996 and as amended and restated on December 1, 1999. The declaration of trust for the Premium T-Bill Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007.

The Money Market Fund was created pursuant to a declaration of trust dated August 30, 1990, as amended by a supplemental deed of trust dated May 1, 1996 and as amended and restated on December 1, 1999. The declaration of trust for the Money Market Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended on June 10, 2005 to establish Series I units and on November 3, 2008 to establish Premium Series units of the Fund.

The U.S. Money Market Fund and European Fund were created pursuant to declarations of trust dated September 3, 1996, as amended and restated on October 1, 1999 and December 1, 1999 and, in the case of the European Fund, as amended and restated on November 30, 2000. The declaration of trust for each of the U.S. Money Market Fund and European Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and

restated as of April 23, 2007. On November 1, 2007, Schedule A to the Master Declaration of Trust was amended to change the names of these Funds. Schedule A to the Master Declaration of Trust was amended on September 14, 2007 to establish Series F units for the European Fund and on November 3, 2008 to establish Series I units.

The Mortgage Income Fund was created pursuant to a declaration of trust dated September 22, 1992, as amended by a supplemental deed of trust dated May 1, 1996 and as amended and restated on December 1, 1999, on November 30, 2000 and on April 22, 2003. The declaration of trust for the Mortgage Income Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended on October 28, 2005 to establish Scotia Private Client units (which have been renamed as Series M units) for the Fund.

The Income Fund was created pursuant to a declaration of trust dated November, 1957, as amended and restated on October 24, 1998, on December 1, 1999, on November 30, 2000 and on November 29, 2002. The declaration of trust for the Income Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007.

The U.S. Bond Fund was created pursuant to a declaration of trust dated November 27, 1991, as amended by a supplemental deed of trust dated May 1, 1996 and as amended and restated on December 1, 1999 and on November 30, 2000. The declaration of trust for the U.S. Bond Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended on October 31, 2006 to establish Scotia Private Client units for the Fund (which have been renamed as Series M units) and on November 1, 2007 to change the name of the Fund.

The Global Bond Fund was created pursuant to a declaration of trust dated July 4, 1994, as amended and restated on October 24, 1998, on December 1, 1999, on November 30, 2000, on November 30, 2001 and on April 22, 2003. The declaration of trust for the Global Bond Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. On November 1, 2007, Schedule A to the Master Declaration of Trust was amended to change the name of the Global Bond Fund.

The Pacific Rim Fund and Latin American Fund were created pursuant to declarations of trust dated August 18, 1994. The declaration of trust of the Pacific Rim Fund was amended and restated on October 1, 1999, on December 1, 1999 and on November 30, 2000. The declaration of trust of the Latin American Fund was amended and restated on December 1, 1999, on November 30, 2000 and on November 30, 2001. The declarations of trust for both Pacific Rim Fund and Latin American Fund were further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended on June 10, 2005 to establish Series I units for these Funds and on November 1, 2007 to change the names of these Funds.

The Dividend Fund was created pursuant to a declaration of trust dated October 28, 1992, as amended and restated on October 24, 1998, on December 1, 1999, on November 30, 2000 and on April 22, 2003. The declaration of trust for the Dividend Fund was further restated by a

Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007.

The Canadian Blue Chip Fund and U.S. Blue Chip Fund were created pursuant to declarations of trust dated December 31, 1986, as amended by supplemental deeds of trust dated December 30, 1988, July 3, 1989 and May 1, 1996 and as amended and restated on December 1, 1999, on November 30, 2000 and, in the case of the U.S. Blue Chip Fund, as amended and restated on April 22, 2003. The declaration of trust for each of the Canadian Blue Chip Fund and U.S. Blue Chip Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended in respect of the Canadian Blue Chip Fund on June 10, 2005 to establish Series I units for this Fund and in respect of the U.S. Blue Chip Fund on November 1, 2007, to change the name of this Fund.

The Canadian Growth Fund, Global Fund and Tactical Allocation Fund were created pursuant to a declaration of trust dated February 20, 1961, as amended April 18, 1989 and, in the case of the Tactical Allocation Fund, as amended and restated by a declaration of trust dated October 1, 1995 and, in each case, as amended and restated on December 1, 1999 and November 30, 2000 and, in the case of the Global Fund, as amended on September 18, 2001 and, in the case of the Canadian Growth Fund, as amended and restated on April 22, 2003. The declaration of trust for each of the Canadian Growth Fund, Global Fund and Tactical Allocation Fund was restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended in respect of the Global Fund on June 10, 2005 to establish Series I units for this Fund and in respect of the Tactical Allocation Fund on April 23, 2007 to change the name of this Fund.

The CanAm Index Fund was created pursuant to a declaration of trust dated July 9, 1993, as amended and restated on December 1, 1999 and on November 30, 2000. The declaration of trust for the CanAm Index Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. On November 1, 2007, Schedule A to the Master Declaration of Trust was amended to change the name of the Fund.

The Resource Fund was created pursuant to a declaration of trust dated July 6, 1993, as amended and restated on December 1, 1999, on November 30, 2000 and on November 30, 2001. The declaration of trust for the Resource Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended on November 3, 2008 to establish Series I units for this Fund.

The Canadian Index Fund and U.S. Index Fund were created pursuant to declarations of trust dated December 13, 1996, as amended and restated on October 24, 1998, on December 1, 1999 and on November 30, 2000. The declaration of trust for each of the Canadian Index Fund and U.S. Index Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended on June 10, 2005 to establish Series I units for these Funds and on November 1, 2007 to change the names of these Funds.

The Small Cap Fund was created pursuant to a declaration of trust dated October 28, 1992, as amended December 17, 1992 and August, 1993, as amended and restated on October 24, 1998, on December 1, 1999, on November 30, 2000, on November 29, 2002 and on April 22, 2003. The declaration of trust for the Small Cap Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007.

The Balanced Fund was created pursuant to a declaration of trust dated May 7, 1990, as amended and restated on October 24, 1998, on December 1, 1999 and on November 30, 2000. The declaration of trust for the Balanced Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007.

The Canadian Bond Index Fund and International Index Fund were created pursuant to declarations of trust dated September 20, 1999, as amended and restated on November 30, 2000 and, in the case of International Index Fund, as amended and restated on April 22, 2003. The declaration of trust for each of the Canadian Bond Index Fund and International Index Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended in respect of the Canadian Bond Index Fund on June 10, 2005 to establish Series I units for this Fund and in respect of the International Index Fund on November 1, 2007 to change the name of this Fund.

Each of the U.S. Opportunities Fund, International Value Fund, Global Opportunities Fund, Global Small Cap Fund and Nasdaq Index Fund was created pursuant to a declaration of trust dated November 30, 2000. The declaration of trust for these Funds was restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended in respect of the U.S. Opportunities Fund, International Value Fund, Global Opportunities Fund and Global Small Cap Fund on December 14, 2006 to establish Series I units and on April 23, 2007 to change the names of these Funds.

Each of the Scotia Partners Portfolios was created pursuant to a declaration of trust dated November 29, 2002. The declaration of trust for each of the Scotia Partners Portfolios was restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. On November 1, 2007, Schedule A to the Master Declaration of Trust was amended to change the name of the Moderate Growth Portfolio.

Each of the Scotia Selected Portfolios was created pursuant to a declaration of trust dated April 22, 2003. The declaration of trust for each of the Scotia Selected Portfolios was restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. On November 1, 2007, Schedule A to the Master Declaration of Trust was amended to change the names of the Scotia Selected Portfolios.

The Corporate Bond Pool was created pursuant to a declaration of trust dated October 30, 2003. The declaration of trust for Corporate Bond Pool was restated by a Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. On October 28, 2005, Schedule A to the Master Declaration of Trust was amended to change the

name of the Corporate Bond Pool. Schedule A to the Master Declaration of Trust was amended on June 4, 2008 to establish Series I units.

Each of the Scotia Vision Portfolios, Monthly Income Fund, Canadian Equity Pool, North American Equity Pool, U.S. Equity Pool and International Core Equity Pool was created pursuant to an amendment dated June 10, 2005 to Schedule A to the Master Declaration of Trust dated as of February 14, 2005. On November 1, 2007, Schedule A to the Master Declaration of Trust was amended to change the names of the Scotia Vision Portfolios. Schedule A to the Master Declaration of Trust was amended on November 3, 2008 to establish Series I units for the Canadian Equity Pool, U.S. Equity Pool and International Core Equity Pool.

Each of the Government Bond Pool and Advantaged Income Pool was created pursuant to an amendment dated September 30, 2007 to Schedule A to the Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007. Schedule A to the Master Declaration of Trust was amended on November 3, 2008 to establish Series I units for the Government Bond Pool.

The Climate Change Fund was created pursuant to an amendment dated January 25, 2008 to Schedule A to the Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007.

The Cyclical Pool was created pursuant to an amendment dated November 3, 2008 to Schedule A to the Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007.

The Scotia Bond Fund was created pursuant to an amendment dated August 17, 2009 to Schedule A to the Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007.

Each of the Short Term Bond Fund, Global Balanced Fund, Dividend Income Fund, Global Dividend Fund and Diversified Income Portfolio were created pursuant to an amendment dated August 23, 2010 to the Master Declaration of Trust dated as of February 14, 2005 and amended and restated as of April 23, 2007 and December 11, 2009.

On October 1, 1999, the declaration of trust with respect to each of the Money Market Fund, Income Fund, Dividend Fund, Canadian Blue Chip Fund and U.S. Blue Chip Fund was amended to establish an additional series of units, on November 29, 2002 the declaration of trust of the Small Cap Fund was amended to establish an additional series of units, and on October 28, 2005 Schedule A to the Master Declaration of Trust with respect to the Mortgage Income Fund was amended to establish an additional series of units in each case called the Scotia Private Client units (which have been renamed "Series M" units), which are intended for sale to clients of Scotia Asset Management L.P. and Scotiatrust.

On December 1, 1999, the declarations of trust respecting each of the Funds that were created prior to September 20, 1999 were amended and restated to bring them into conformity with current administrative practices.

On November 30, 2000, the declaration of trust with respect to each of the Funds that was created prior to November 30, 2000 other than the T-Bill Fund, Premium T-Bill Fund, Money Market Fund and U.S. Money Market Fund was amended to establish an additional series of units, the Series F units, which are offered for sale to investors who have fee-based accounts with authorized brokers and dealers, including ScotiaMcLeod, a division of Scotia Capital Inc. (“Scotia Capital”), or as otherwise permitted by Scotia Asset Management L.P.

On November 29, 2002, the declaration of trust of the Income Fund was amended to establish an additional series of units of the Fund, the Series I units, which are available to eligible institutional investors and other qualified investors.

On April 22, 2003, the declaration of trust with respect to each of the Mortgage Income Fund, Global Bond Fund, Dividend Fund, Canadian Growth Fund, Small Cap Fund, U.S. Blue Chip Fund and International Index Fund was also amended to establish Series I units.

On April 23, 2007, the Master Declaration of Trust respecting each of the Funds that were created prior to this date was amended and restated to facilitate the establishment of the Independent Review Committee for the Funds.

On January 25, 2008, Schedule A to the Master Declaration of Trust was amended to establish an additional series of units for each of the Money Market Fund, Income Fund, Monthly Income Fund, Tactical Allocation Fund, Dividend Fund, Canadian Growth Fund, International Value Fund, Global Fund, Global Opportunities Fund, Climate Change Fund and the Scotia Selected Portfolios, called the Advisor Series units, which are intended to be sold through authorized dealers and brokers, including ScotiaMcLeod.

On December 11, 2009, the Master Declaration of Trust and Schedule A thereto were amended to change the name of the “Scotia Private Client” series to “Manager Class” units and to remove the word “Cassels” from the names of certain of the Funds as described above.

On August 23, 2010, the Master Declaration of Trust and Schedule A thereto were amended to establish Global Balanced Fund, Dividend Income Fund, Global Dividend Fund, Short Term Bond Fund and Diversified Income Portfolio.

On March 7, 2011, the Master Declaration of Trust and Schedule A thereto were amended to change the name of Scotia U.S. Growth Fund to Scotia U.S. Blue Chip Fund.

On July 6, 2011, the Master Declaration of Trust and Schedule A thereto were amended to establish Scotia Income Advantage Fund and Scotia U.S. \$ Balanced Fund.

On August 2, 2011, the Master Declaration of Trust and Schedule A thereto were amended by Declaration of the Trustee to reflect the change of the name of Scotia Canadian Corporate Bond Fund to Scotia Private Canadian Corporate Bond Pool, Scotia Short-Mid Government Bond Fund to Scotia Private Short-Mid Government Bond Pool, Scotia Advantaged Income Fund to Scotia Private Advantaged Income Pool, Scotia Canadian Equity Fund to Scotia Private Canadian Equity Pool, Scotia North American Equity Fund to Scotia Private North American Equity Pool, Scotia Cyclical Opportunities Fund to Scotia Private Cyclical

Opportunities Pool, Scotia U.S. Equity Fund to Scotia Private U.S. Equity Pool and Scotia International Equity Fund to Scotia Private International Core Equity Pool.

On November 24, 2011, pursuant to the Master Declaration of Trust and Schedule A thereto, Scotia Private Canadian Preferred Share Pool and Scotia Private U.S. Dividend Pool were created.

On March 12, 2012, Schedule A to the Master Declaration of Trust was amended to reflect the offering of Series I units of the Scotia Private Canadian Preferred Share Pool.

On May 11, 2012, Schedule "A" to the Master Declaration of Trust was amended to establish Series I units of Scotia Private U.S. Dividend Pool, the Series I units, which are available to eligible institutional investors and other qualified investors.

On November 19, 2012, the Master Declaration of Trust and Schedule A thereto were amended to establish Scotia Private Real Estate Income Pool, Scotia U.S. Dividend Fund and Scotia Selected Income Portfolio.

#### *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 on November 19, 2012, is between SAM as the manager and SAM, in its capacity as trustee of the Funds with effect for each Fund as of the date it was created. The Master Management Agreement may be terminated by either party giving at least six months prior notice to the other of such termination.

#### *Master Distributorship Agreement*

The Master Distributorship Agreement, as amended and restated as of November 19, 2012, is between Scotia Securities Inc. and the Manager on behalf of the Funds in respect of the Series A, Series F, Premium Series and Advisor Series units, with effect for each Fund 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 unitholders' meeting approving the termination.

#### *Custodian Agreement*

Scotiabank acts as custodian of the Funds' portfolio securities pursuant to the Custodian Agreement, as amended as of November 19, 2012, between each Fund, SAM 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 Funds, 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 Funds.

### *Investment Advisory Agreements*

Baillie Gifford is the portfolio advisor to the Global Fund pursuant to an Investment Advisory Agreement dated as of February 19, 2007, as assigned to SAM on November 1, 2009.

CI is the portfolio advisor to the Global Balanced Fund, the Global Dividend Fund and Scotia U.S. Dividend Fund pursuant to an Investment Advisory Agreement dated as of August 27, 2010, as amended on November 19, 2012.

CCLIM is the portfolio advisor to the Tactical Allocation Fund pursuant to an Investment Advisory Agreement dated as of January 26, 2004, as assigned to SAM on November 1, 2009.

F&C is the portfolio advisor to the Global Climate Change Fund pursuant to an Investment Advisory Agreement dated as of December 15, 2008, as assigned to SAM on November 1, 2009.

Hermes is the portfolio advisor to the European Fund pursuant to an Investment Advisory Agreement dated as of August 30, 2010.

State Street is the portfolio advisor to the Canadian Bond Index Fund, Canadian Index Fund, U.S. Index Fund, International Index Fund, CanAm Index Fund and Nasdaq Index Fund pursuant to an amended and restated Investment Advisory Agreement dated as of January 25, 2008, as assigned to SAM on November 1, 2009.

SICB is the portfolio advisor to the Latin American Fund pursuant to an Investment Advisory Agreement dated as of November 19, 2012.

Thornburg is the portfolio advisor to the International Core Equity Pool pursuant to an Investment Advisory Agreement dated as of April 23, 2007, as assigned to SAM on November 1, 2009.

GCICL is the sub-advisor to the T-Bill Fund, Premium T-Bill Fund, Money Market Fund, U.S. Money Market Fund, Short Term Bond Fund, Government Bond Pool, Mortgage Income Fund, Bond Fund, Income Fund, Corporate Bond Pool, U.S. Bond Fund, Global Bond Fund, Advantaged Income Pool, Monthly Income Fund, Income Advantage Fund, Balanced Fund, Dividend Income Fund, U.S. Balanced Fund, Preferred Share Pool, Dividend Fund, Canadian Blue Chip Fund, Canadian Equity Pool, Canadian Growth Fund, Small Cap Fund, Resource Fund, North American Equity Pool, Cyclical Pool, U.S. Dividend Pool, U.S. Equity Pool, U.S. Blue Chip Fund, U.S. Opportunities Fund, International Value Fund, Pacific Rim Fund, Global Small Cap Fund and Global Opportunities Fund pursuant to an Amended and Restated Investment Sub-Advisor Agreement dated March 7, 2011 and an Investment Sub-Advisor Agreement dated April 1, 2011.

### **Fund Mergers**

Effective April 20, 2007, Scotia Young Investors Fund merged with the Global Fund and Capital U.S. Small Companies Fund merged with the Global Small Cap Fund.

Effective December 9, 2005, Scotia Selected Conservative Growth RSP Fund merged with the Selected Moderate Portfolio, Scotia Selected Aggressive Growth RSP Fund merged with the Selected Aggressive Portfolio, Capital U.S. Large Companies RSP Fund merged with the U.S. Opportunities Fund, Capital International Large Companies RSP Fund merged with the International Value Fund, Capital Global Discovery RSP Fund merged with the Global Opportunities Fund and Capital Global Small Companies RSP Fund merged with the Global Small Cap Fund.

Effective December 15, 2001, Scotia Canadian Short-Term Income Fund merged with the Mortgage Income Fund, Scotia Global Income Fund merged with the Global Bond Fund, Scotia Canadian Mid-Large Cap Fund merged with the Canadian Blue Chip Fund and Scotia Emerging Markets Fund merged with the Latin American Fund.

Effective October 24, 1998, Scotia Excelsior Money Market Fund merged with National Trust Money Market Fund, Scotia Excelsior Income Fund merged with National Trust Canadian Bond Fund, Scotia Excelsior Dividend Fund merged with National Trust Dividend Fund and Scotia Excelsior International Fund merged with National Trust International Equity Fund. Each of the Funds adopted a name utilizing the word "Scotia". Effective October 24, 1998, Scotia Securities Inc. replaced National Trust as the trustee and manager of each of the National Trust Funds.

In October 1995, Scotia Global Growth Fund merged with Montreal Trust Excelsior Fund International Section and was renamed Scotia Excelsior International Fund (now Global Fund following the merger with National Trust International Equity Fund).

In October 1995, Montreal Trust Excelsior Fund - Money Market Section merged with Scotia Money Market Fund and was re-named Scotia Excelsior Money Market Fund (now Money Market Fund following the merger with National Trust Money Market Fund).

In October 1995, Montreal Trust Excelsior Fund - Income Section merged with Scotia Income Fund and was re-named Scotia Excelsior Income Fund (now Income Fund following the merger with National Trust Canadian Bond Fund).

### **Change of Investment Objectives**

On November 30, 2001, the Resource Fund changed its investment objectives following the receipt of unitholder approval on October 1, 2001. The current investment objectives of the Resource Fund are set out in the simplified prospectus of the Funds.

On April 20, 2007, the U.S. Opportunities Fund, International Value Fund, Global Opportunities Fund and Global Small Cap Fund changed their investment objectives following the receipt of unitholder approval on April 5, 2007. The current investment objectives of these Funds are set out in the simplified prospectus.

## **Related Party Transactions**

The Manager receives management 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.

SMC administers mortgages purchased by the Mortgage Income Fund pursuant to a mortgage sales and servicing agreement between the Mortgage Income Fund and SMC dated September 23, 1992. In consideration of the mortgage administration services provided by SMC, the Mortgage Income Fund pays SMC a monthly fee of 1/12 of 3/8 of 1% of the NAV of the mortgages held by that Fund.

Scotiabank may earn some income as a result of the purchase by the Money Market Fund or U.S. Money Market Fund of certificates of deposit or short-term paper issued or guaranteed by Scotiabank or the purchase of mortgages from Scotiabank or SMC. When mortgages are sold by SMC to the Mortgage Income Fund or when certificates of deposit or short-term paper issued or guaranteed by Scotiabank are purchased by the Money Market Fund or U.S. Money Market Fund, they will be sold at commercial rates available on an arm's length basis. Such purchases by the Money Market Fund or U.S. Money Market Fund will not be of a substantial quantity and will not result in a substantial benefit to Scotiabank.

Scotiabank may earn some income as a result of providing custodial services, including safekeeping and administrative services, and unitholder 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 unitholders to vote their share of those securities.

## **Portfolio Advisor Changes**

Prior to November 23, 2012, TCW Investment Management Company was the portfolio advisor to Scotia Latin American Fund.

Prior to March 16, 2011, SAM was the portfolio advisor to CanAm Index Fund and Nasdaq Index Fund.

Prior to March 8, 2011, Pzena Investment Management, LLC was the portfolio advisor to International Value Fund.

Prior to March 8, 2011, TCW Investment Management Company was the portfolio advisor to Pacific Rim Fund.

Prior to March 8, 2011, GlobeFlex Capital L.P. was the portfolio advisor to Global Small Cap Fund.

Prior to March 8, 2011, Thornburg Investment Management, Inc. was the portfolio advisor to Global Opportunities Fund.

Prior to March 8, 2011, GCIC Ltd. was the portfolio advisor to U.S. Opportunities Fund.

Prior to December 31, 2010, Metropolitan West was the portfolio advisor to U.S. Opportunities Fund.

Prior to August 30, 2010, AllianceBernstein Canada, Inc. was the portfolio advisor to European Fund.

Prior to November 1, 2009, Scotia Capital Inc. was the portfolio advisor to the Scotia Selected Portfolios and Scotia Partners Portfolios.

Prior to November 1, 2009, Scotia Cassels Investment Counsel limited was the portfolio advisor to the T-Bill Fund, Premium T-Bill Fund, Money Market Fund, U.S. Money Market Fund, Mortgage Income Fund, Income Fund, U.S. Bond Fund, Global Bond Fund, Government Bond Pool, Corporate Bond Pool, Monthly Income Fund, Balanced Fund, Dividend Fund, Canadian Equity Pool, Canadian Blue Chip Fund, Canadian Growth Fund, Small Cap Fund, Resource Fund, North American Equity Pool, Cyclical Pool, U.S. Equity Pool, U.S. Blue Chip Fund, CanAm Index Fund, Nasdaq Index Fund, Advantaged Income Pool and International Core Equity Pool.

Prior to December 15, 2008, State Street Global Advisors, Ltd. was the portfolio advisor to the Global Climate Change Fund.

Prior to April 23, 2007, Capital International Asset Management (Canada), Inc. was the portfolio advisor to the U.S. Opportunities Fund, International Value Fund, Global Opportunities Fund and Global Small Cap Fund and prior to October 29, 2004, Scotia Capital was the portfolio advisor to these Funds.

Prior to February 19, 2007, Capital International Asset Management (Canada), Inc. was the portfolio advisor to the Global Fund.

Prior to June 27, 2005, Bank of Ireland Asset Management (U.S.) Limited was the portfolio advisor to the European Fund.

Prior to January 26, 2004, Montrusco Bolton Investments Inc. was the portfolio advisor to the Tactical Allocation Fund and Global Fund.

Prior to March 17, 2003, Scotia Cassels Investment Counsel Limited was the portfolio advisor to the European Fund, Pacific Rim Fund and Latin American Fund.

Prior to March 1, 2002, Barclays Global Investors Canada Limited was the portfolio advisor to the Canadian Bond Index Fund, Canadian Index Fund, U.S. Index Fund and International Index Fund.

Prior to September 18, 2001, Montrusco Bolton Investments Inc. was the portfolio advisor to the Canadian Growth Fund and Scotia Cassels Investment Counsel Limited was the portfolio advisor to the Canadian Bond Index Fund, Canadian Index Fund, U.S. Index Fund and International Index Fund.

### **Fund Manager Changes**

Prior to October 24, 1998, the Income Fund, Global Bond Fund, Balanced Fund, Dividend Fund, Canadian Index Fund, Small Cap Fund and U.S. Index Fund were managed by National Trust Company.

Prior to October 1, 1995, the Tactical Allocation Fund, Canadian Growth Fund and Global Fund were managed by Montreal Trust Company of Canada.

### **Auditors, Transfer Agent and Registrar**

PricewaterhouseCoopers LLP, Chartered Accountants, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2, are the auditors of the Funds.

Prior to May 1, 2012, Ernst & Young LLP, Chartered Accountants, Box 251, Ernst & Young Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1J7 were the auditors of the Funds, except for the Scotia Canadian Income Fund, Scotia Global Bond Fund, Scotia Canadian Dividend Fund, Scotia Canadian Balanced Fund, Scotia Canadian Index Fund, Scotia U.S. Index Fund, Scotia Canadian Small Cap Fund which were audited by Gaviller & Company LLP, Chartered Accountants, P.O. Box 460, Owen Sound, Ontario, N4K 5P7.

The auditors of the Funds may only be changed with the approval of the IRC and upon providing unitholders of the Funds with 60 days' advance written notice in accordance with the provisions of the Master Declaration of Trust for the Funds and as permitted by the CSA.

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

## AUDITOR'S CONSENT

Scotia U.S. Dividend Fund  
Scotia Selected Income Portfolio  
Scotia Private Real Estate Income Pool  
(collectively the Funds)

We have read the simplified prospectus and the related annual information form of the Funds dated November 20, 2012, relating to the issue and sale of units 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 trustee of the Funds, on each of their statement of net assets as at November 20, 2012. Our report is dated November 20, 2012.

(signed) "*PricewaterhouseCoopers LLP*"

Chartered Accountants, Licensed Public Accountants  
Toronto, Ontario  
November 20, 2012

## AUDITORS' CONSENT

Scotia T-Bill Fund	Scotia International Value Fund
Scotia Premium T-Bill Fund	Scotia European Fund
Scotia Money Market Fund	Scotia Pacific Rim Fund
Scotia U.S. \$ Money Market Fund	Scotia Latin American Fund
Scotia Short Term Bond Fund	Scotia Global Dividend Fund
Scotia Private Short-Mid Government Bond Pool	Scotia Global Growth Fund
Scotia Mortgage Income Fund	Scotia Global Small Cap Fund
Scotia Bond Fund	Scotia Global Opportunities Fund
Scotia Private Canadian Corporate Bond Pool	Scotia Global Climate Change Fund
Scotia U.S. \$ Bond Fund	Scotia Canadian Bond Index Fund
Scotia Private Advantaged Income Pool	Scotia CanAm Index Fund
Scotia Diversified Monthly Income Fund	Scotia Nasdaq Index Fund
Scotia Income Advantage Fund	Scotia International Index Fund
Scotia Canadian Dividend Income Fund	Scotia Selected Income & Modest Growth Portfolio
Scotia Canadian Tactical Asset Allocation Fund	Scotia Selected Balanced Income & Growth Portfolio
Scotia Global Balanced Fund	Scotia Selected Moderate Growth Portfolio
Scotia U.S. \$ Balanced Fund	Scotia Selected Aggressive Growth Portfolio
Scotia Private Canadian Preferred Share Pool	Scotia Partners Diversified Income Portfolio
Scotia Canadian Blue Chip Fund	Scotia Partners Income & Modest Growth Portfolio
Scotia Private Canadian Equity Pool	Scotia Partners Balanced Income & Growth Portfolio
Scotia Canadian Growth Fund	Scotia Partners Moderate Growth Portfolio
Scotia Resource Fund	Scotia Partners Aggressive Growth Portfolio
Scotia Private North American Equity Pool	Scotia Vision Conservative 2010 Portfolio
Scotia Private Cyclical Opportunities Pool	Scotia Vision Aggressive 2010 Portfolio
Scotia Private U.S. Dividend Pool	Scotia Vision Conservative 2015 Portfolio
Scotia Private U.S. Equity Pool	Scotia Vision Aggressive 2015 Portfolio
Scotia U.S. Blue Chip Fund	Scotia Vision Conservative 2020 Portfolio
Scotia U.S. Opportunities Fund ( <i>formerly Scotia U.S. Value Fund</i> )	Scotia Vision Aggressive 2020 Portfolio
Scotia Private International Core Equity Pool	Scotia Vision Conservative 2030 Portfolio
	Scotia Vision Aggressive 2030 Portfolio

(collectively, the "Funds")

We have read the simplified prospectuses and the related annual information form of the Funds, each dated November 20, 2012, relating to the distribution and sale of Series A units, Series F units, Series I units, Premium Series units, Series M units and Advisor Series units, as applicable, 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 prospectuses and the related annual information form, of our report dated March 8, 2012 to the unitholders of the Funds on the following financial statements for each of the Funds (except for Scotia Income Advantage Fund, Scotia U.S. \$ Balanced Fund, Scotia Private Canadian Preferred Share Pool and Scotia Private U.S. Dividend Pool):

- Statement of Net Assets as at December 31, 2011 and 2010;
- Statement of Investment Portfolio as at December 31, 2011;
- Statement of Operations for the periods ended December 31, 2011 and 2010; and
- Statement of Changes in Net Assets for the periods ended December 31, 2011 and 2010.

For Scotia Income Advantage Fund and Scotia U.S. \$ Balanced Fund, we consent to use, through incorporation by reference in the above-mentioned simplified prospectuses and the related annual information form, of our report dated March 8, 2012 to the unitholders of these Funds on the following financial statements for these Funds:

- Statement of Net Assets at December 31, 2011;
- Statement of Investment Portfolio as at December 31, 2011;
- Statement of Operations for the period from July 6, 2011 to December 31, 2011;
- Statement of Changes in Net Assets for the period from July 6, 2011 to December 31, 2011.

For Scotia Private Canadian Preferred Share Pool and Scotia Private U.S. Dividend Pool, we consent to use, through incorporation by reference in the above-mentioned simplified prospectuses and the related annual information form, of our report dated March 8, 2012 to the unitholders of these Funds on the following financial statements for these Funds:

- Statement of Net Assets at December 31, 2011;
- Statement of Investment Portfolio as at December 31, 2011;
- Statement of Operations for the period from November 25, 2011 to December 31, 2011;
- Statement of Changes in Net Assets for the period from November 25, 2011 to December 31, 2011.

(signed) “*Ernst & Young LLP*”

Chartered Accountants  
Licensed Public Accountants  
Toronto, Canada,  
November 20, 2012

## AUDITORS' CONSENT

Scotia Canadian Income Fund  
Scotia Global Bond Fund  
Scotia Canadian Balanced Fund  
Scotia Canadian Dividend Fund  
Scotia Canadian Small Cap Fund  
Scotia Canadian Index Fund  
Scotia U.S. Index Fund

(collectively, the "Funds")

We have read the simplified prospectuses and the related annual information form of the Funds, each dated November 20, 2012 relating to the distribution and sale of Series A units, Series F units, Series I units, Series M units and Advisor Series units, as applicable, 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 prospectuses and related annual information form, of our report dated March 8, 2012 to the unitholders of the Funds, on the following financial statements for each of the Funds:

- Statements of Net Assets as at December 31, 2011 and 2010;
- Statement of Investment Portfolio as at December 31, 2011;
- Statements of Operations for the periods ended December 31, 2011 and 2010; and
- Statements of Changes in Net Assets for the periods ended December 31, 2011 and 2010.

(signed) "*Gavillier & Company LLP*"

Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
November 20, 2012

## CERTIFICATE OF THE FUNDS AND THE MANAGER OF THE FUNDS

November 20, 2012

Scotia T-Bill Fund	Scotia Canadian Dividend Fund	Scotia International Index Fund
Scotia Premium T-Bill Fund	Scotia Canadian Blue Chip Fund	Scotia Selected Income Portfolio
Scotia Money Market Fund	Scotia Private Canadian Equity Pool	Scotia Selected Income & Modest Growth Portfolio
Scotia U.S. \$ Money Market Fund	Scotia Canadian Growth Fund	Scotia Selected Balanced Income & Growth Portfolio
Scotia Short Term Bond Fund	Scotia Canadian Small Cap Fund	Scotia Selected Moderate Growth Portfolio
Scotia Private Short-Mid Government Bond Pool	Scotia Resource Fund	Scotia Selected Aggressive Growth Portfolio
Scotia Mortgage Income Fund	Scotia Private North American Equity Pool	Scotia Partners Diversified Income Portfolio
Scotia Bond Fund	Scotia Private Cyclical Opportunities Pool	Scotia Partners Income & Modest Growth Portfolio
Scotia Canadian Income Fund	Scotia U.S. Dividend Fund	Scotia Partners Balanced Income & Growth Portfolio
Scotia Canadian Income Fund	Scotia Private U.S. Dividend Pool	Scotia Partners Moderate Growth Portfolio
Scotia Private Canadian Corporate Bond Pool	Scotia Private U.S. Equity Pool	Scotia Partners Aggressive Growth Portfolio
Scotia U.S. \$ Bond Fund	Scotia U.S. Blue Chip Fund	Scotia Vision Conservative 2010 Portfolio
Scotia Global Bond Fund	Scotia U.S. Value Fund ( <i>to be renamed Scotia U.S. Opportunities Fund</i> )	Scotia Vision Aggressive 2010 Portfolio
Scotia Private Advantaged Income Pool	Scotia Private International Core Equity Pool	Scotia Vision Conservative 2015 Portfolio
Scotia Diversified Monthly Income Fund	Scotia International Value Fund	Scotia Vision Aggressive 2015 Portfolio
Scotia Income Advantage Fund	Scotia European Fund	Scotia Vision Conservative 2020 Portfolio
Scotia Canadian Balanced Fund	Scotia Pacific Rim Fund	Scotia Vision Aggressive 2020 Portfolio
Scotia Canadian Dividend Income Fund	Scotia Latin American Fund	Scotia Vision Conservative 2030 Portfolio
Scotia Canadian Tactical Asset Allocation Fund	Scotia Global Dividend Fund	Scotia Vision Aggressive 2030 Portfolio
Scotia Global Balanced Fund	Scotia Global Growth Fund	
Scotia U.S. \$ Balanced Fund	Scotia Global Small Cap Fund	
Scotia Private Canadian Preferred Share Pool	Scotia Global Opportunities Fund	
	Scotia Global Climate Change Fund	
	Scotia Private Real Estate Income Pool	
	Scotia Canadian Bond Index Fund	
	Scotia Canadian Index Fund	
	Scotia U.S. Index Fund	
	Scotia CanAm Index Fund	
	Scotia Nasdaq Index Fund	

(collectively, the "Funds")

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

*"Walter Pavan"*

**Walter Pavan**

Chief Financial Officer

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

### 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., the Manager and Trustee of the Funds

*"Jordy Chilcott"*

**Jordy Chilcott**

Director

*"Edna A Chu"*

**Edna A. Chu**

Director

## CERTIFICATE OF THE PROMOTER

November 20, 2012

Scotia Short Term Bond Fund  
Scotia Income Advantage Fund  
Scotia Canadian Dividend Income  
Fund

Scotia Global Balanced Fund  
Scotia U.S. \$ Balanced Fund  
Scotia Private Canadian Preferred Share Pool  
Scotia Private U.S. Dividend Pool

Scotia Global Dividend Fund  
Scotia Partners Diversified Income  
Portfolio  
(collectively, the "Funds")

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

Scotia Asset Management L.P.  
as Promoter of the Funds

By: "*Neil C. Macdonald*"

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**Neil C. Macdonald**  
Chief Executive Officer

By: "*Walter Pavan*"

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**Walter Pavan**  
Chief Financial Officer

**CERTIFICATE OF THE PRINCIPAL DISTRIBUTOR  
(Series A, Series F, Premium Series and Advisor Series units)**

November 20, 2012

Scotia T-Bill Fund	Scotia Global Small Cap Fund
Scotia Premium T-Bill Fund	Scotia Global Opportunities Fund
Scotia Money Market Fund	Scotia Global Climate Change Fund
Scotia U.S. \$ Money Market Fund	Scotia Canadian Bond Index Fund
Scotia Mortgage Income Fund	Scotia Canadian Index Fund
Scotia Bond Fund	Scotia U.S. Index Fund
Scotia Canadian Income Fund	Scotia CanAm Index Fund
Scotia U.S. \$ Bond Fund	Scotia Nasdaq Index Fund
Scotia Global Bond Fund	Scotia International Index Fund
Scotia Diversified Monthly Income Fund	Scotia Selected Income Portfolio
Scotia Income Advantage Fund	Scotia Selected Income & Modest Growth Portfolio
Scotia Canadian Balanced Fund	Scotia Selected Balanced Income & Growth Portfolio
Scotia Canadian Dividend Income Fund	Scotia Selected Moderate Growth Portfolio
Scotia Canadian Tactical Asset Allocation Fund	Scotia Selected Aggressive Growth Portfolio
Scotia Global Balanced Fund	Scotia Partners Diversified Income Portfolio
Scotia U.S. \$ Balanced Fund	Scotia Partners Income & Modest Growth Portfolio
Scotia Canadian Dividend Fund	Scotia Partners Balanced Income & Growth Portfolio
Scotia Canadian Blue Chip Fund	Scotia Partners Moderate Growth Portfolio
Scotia Canadian Growth Fund	Scotia Partners Aggressive Growth Portfolio
Scotia Canadian Small Cap Fund	Scotia Vision Conservative 2010 Portfolio
Scotia Resource Fund	Scotia Vision Aggressive 2010 Portfolio
Scotia U.S. Dividend Fund	Scotia Vision Conservative 2015 Portfolio
Scotia U.S. Blue Chip Fund	Scotia Vision Aggressive 2015 Portfolio
Scotia U.S. Value Fund ( <i>to be renamed Scotia U.S. Opportunities Fund</i> )	Scotia Vision Conservative 2020 Portfolio
Scotia International Value Fund	Scotia Vision Aggressive 2020 Portfolio
Scotia European Fund	Scotia Vision Conservative 2030 Portfolio
Scotia Pacific Rim Fund	Scotia Vision Aggressive 2030 Portfolio
Scotia Latin American Fund	(collectively, the "Funds")
Scotia Global Dividend Fund	
Scotia Global Growth Fund	

To the best of our knowledge, information and belief, this annual information form, together with the simplified prospectuses and the documents incorporated by reference into the simplified prospectuses, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectuses 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, Series F,  
Premium Series and Advisor Series units of the  
Funds

By: "Edna A. Chu"  
**Edna A. Chu**  
Director

# ScotiaFunds®

## **Cash Equivalent Funds**

Scotia T-Bill Fund (Series A units)  
Scotia Premium T-Bill Fund (Series A units)  
Scotia Money Market Fund (Series A, Series I, Premium Series, Series M and Advisor Series units)  
Scotia U.S. \$ Money Market Fund (Series A units)

## **Income Funds**

Scotia Short Term Bond Fund (Series M units)  
Scotia Private Short-Mid Government Bond Pool (Series I and Series M units)  
Scotia Mortgage Income Fund (Series A, Series F and Series I units)  
Scotia Bond Fund (Series A and Series I units)  
Scotia Canadian Income Fund (Series A, Series F, Series I, Series M and Advisor Series units)  
Scotia Private Canadian Corporate Bond Pool (Series I and Series M units)  
Scotia U.S. \$ Bond Fund (Series A and Series F units)  
Scotia Global Bond Fund (Series A, Series F and Series I units)

## **Balanced Funds**

Scotia Private Advantaged Income Pool (Series M units)  
Scotia Diversified Monthly Income Fund (Series A, Series F and Advisor Series units)  
Scotia Income Advantage Fund (Series A units)  
Scotia Canadian Balanced Fund (Series A and Series F units)  
Scotia Canadian Dividend Income Fund (Series A and Series I units)  
Scotia Canadian Tactical Asset Allocation Fund (Series A, Series F and Advisor Series units)  
Scotia Global Balanced Fund (Series A and Series I units)  
Scotia U.S. \$ Balanced Fund (Series A units)

## **Equity Funds**

### ***Canadian Equity Funds***

Scotia Private Canadian Preferred Share Pool (Series Series I and Series M units)  
Scotia Canadian Dividend Fund (Series A, Series F, Series I, Series M and Advisor Series units)  
Scotia Canadian Blue Chip Fund (Series A ,Series F and Series I units)  
Scotia Private Canadian Equity Pool (Series I and Series M units)  
Scotia Canadian Growth Fund (Series A, Series F, Series I and Advisor Series units)  
Scotia Canadian Small Cap Fund (Series A, Series F, Series I and Series M units)  
Scotia Resource Fund (Series A, Series F and Series I units)  
Scotia Private North American Equity Pool (Series M units)  
Scotia Private Cyclical Opportunities Pool (Series M units)

### ***U.S. Equity Funds***

Scotia U.S. Dividend Fund (Series A and Series I units)  
Scotia Private U.S. Dividend Pool (Series I and Series M units)  
Scotia Private U.S. Equity Pool (Series I and Series M units)  
Scotia U.S. Blue Chip Fund (Series A, Series F and Series I units)  
Scotia U.S. Value Fund (*to be renamed Scotia U.S. Opportunities Fund*) (Series A, Series F and Series I units)

### ***International Equity Funds***

Scotia Private International Core Equity Pool (Series I and Series M units)  
Scotia International Value Fund (Series A, Series F, Series I and Advisor Series units)  
Scotia European Fund (Series A, Series F and Series I units)  
Scotia Pacific Rim Fund (Series A, Series F and Series I units)  
Scotia Latin American Fund (Series A, Series F and Series I units)

### ***Global Equity Funds***

Scotia Global Dividend Fund (Series A and Series I units)  
Scotia Global Growth Fund (Series A, Series F, Series I and Advisor Series units)  
Scotia Global Small Cap Fund (Series A, Series F and Series I units)  
Scotia Global Opportunities Fund (Series A, Series F, Series I and Advisor Series units)  
Scotia Global Climate Change Fund (Series A, Series F, Series I and Advisor Series units)

### **Index Funds**

Scotia Canadian Bond Index Fund (Series A, Series F and Series I units)  
Scotia Canadian Index Fund (Series A, Series F and Series I units)  
Scotia U.S. Index Fund (Series A, Series F and Series I units)  
Scotia CanAm<sup>®</sup> Index Fund (Series A and Series F units)  
Scotia Nasdaq Index Fund (Series A and Series F units)  
Scotia International Index Fund (Series A, Series F and Series I units)

### **Scotia Portfolios**

#### ***Scotia Selected<sup>®</sup> Portfolios***

Scotia Selected Income Portfolio (Series A units)  
Scotia Selected Income & Modest Growth Portfolio (Series A, Series F and Advisor Series units)  
Scotia Selected Balanced Income & Growth Portfolio (Series A, Series F and Advisor Series units)  
Scotia Selected Moderate Growth Portfolio (Series A, Series F and Advisor Series units)  
Scotia Selected Aggressive Growth Portfolio (Series A, Series F and Advisor Series units)

#### ***Scotia Partners Portfolios<sup>®</sup>***

Scotia Partners Diversified Income Portfolio (Series A units)  
Scotia Partners Income & Modest Growth Portfolio (Series A and Series F units)  
Scotia Partners Balanced Income & Growth Portfolio (Series A and Series F units)  
Scotia Partners Moderate Growth Portfolio (Series A and Series F units)  
Scotia Partners Aggressive Growth Portfolio (Series A and Series F units)

***Scotia Vision® Portfolios***

Scotia Vision Conservative 2010 Portfolio (Series A units)  
Scotia Vision Aggressive 2010 Portfolio (Series A units)  
Scotia Vision Conservative 2015 Portfolio (Series A units)  
Scotia Vision Aggressive 2015 Portfolio (Series A units)  
Scotia Vision Conservative 2020 Portfolio (Series A units)  
Scotia Vision Aggressive 2020 Portfolio (Series A units)  
Scotia Vision Conservative 2030 Portfolio (Series A units)  
Scotia Vision Aggressive 2030 Portfolio (Series A units)

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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](http://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](http://www.sedar.com).

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