

ScotiaFunds® Simplified Prospectus

November 8, 2013

2013

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

Income Funds

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 and Series I 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 Diversified Monthly Income Fund (Series A and Series F units)
Scotia Income Advantage Fund (Series A units)
Scotia Canadian Balanced Fund (Series A and Series F units)
Scotia Canadian Dividend Income Fund (*to be renamed Scotia Dividend Balanced Fund*)* (Series A and Series I units)
Scotia Canadian Tactical Asset Allocation Fund (*to be renamed Scotia Balanced Opportunities Fund*)* (Series A and Series F 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 Canadian Dividend Fund (Series A, Series F and Series I units)
Scotia Canadian Blue Chip Fund (Series A, Series F and Series I units)
Scotia Canadian Growth Fund (Series A, Series F and Series I units)
Scotia Canadian Small Cap Fund (Series A, Series F and Series I units)
Scotia Resource Fund (Series A, Series F and Series I units)
Scotia U.S. Dividend Fund (Series A and Series I units)
Scotia U.S. Blue Chip Fund (Series A, Series F and Series I units)
Scotia U.S. Opportunities Fund (Series A, Series F and Series I units)

International Equity Funds

Scotia International Value Fund (Series A, Series F and Series I 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 and Series I units)
Scotia Global Small Cap Fund (Series A, Series F and Series I units)
Scotia Global Opportunities Fund (Series A, Series F and Series I 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 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® Portfolios

Scotia Selected Income Portfolio (Series A units)
Scotia Selected Income & Modest Growth Portfolio (*to be renamed Scotia Selected Balanced Income Portfolio*)* (Series A and Series F units)
Scotia Selected Balanced Income & Growth Portfolio (*to be renamed Scotia Selected Balanced Growth Portfolio*)* (Series A and Series F units)
Scotia Selected Moderate Growth Portfolio (*to be renamed Scotia Selected Growth Portfolio*)* (Series A and Series F units)
Scotia Selected Aggressive Growth Portfolio (*to be renamed Scotia Selected Maximum Growth Portfolio*)* (Series A and Series F units)

Scotia Partners Portfolios®

Scotia Partners Diversified Income Portfolio (*to be renamed Scotia Partners Income Portfolio*)* (Series A units)
Scotia Partners Income & Modest Growth Portfolio (*to be renamed Scotia Partners Balanced Income Portfolio*)* (Series A and Series F units)
Scotia Partners Balanced Income & Growth Portfolio (*to be renamed Scotia Partners Balanced Growth Portfolio*)* (Series A and Series F units)
Scotia Partners Moderate Growth Portfolio (*to be renamed Scotia Partners Growth Portfolio*)* (Series A and Series F units)
Scotia Partners Aggressive Growth Portfolio (*to be renamed Scotia Partners Maximum Growth Portfolio*)* (Series A and Series F units)

*Effective November 29, 2013

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise.

The ScotiaFunds and the units they offer under this simplified prospectus are not registered with the U.S. Securities and Exchange Commission. Units of the funds may be offered and sold in the United States only in reliance on exemptions from registration.



Table of contents

Introduction	i	Scotia Selected Balanced Income & Growth Portfolio (to be renamed Scotia Selected Balanced Growth Portfolio)	94
Fund Specific Information	1	Scotia Selected Moderate Growth Portfolio (to be renamed Scotia Selected Growth Portfolio)	96
Cash Equivalent Funds	5	Scotia Selected Aggressive Growth Portfolio (to be renamed Scotia Selected Maximum Growth Portfolio) ...	98
Scotia T-Bill Fund	6	<i>Scotia Partners Portfolios</i>	100
Scotia Premium T-Bill Fund	7	Scotia Partners Diversified Income Portfolio (to be renamed Scotia Partners Income Portfolio)	100
Scotia Money Market Fund	8	Scotia Partners Income & Modest Growth Portfolio (to be renamed Scotia Partners Balanced Income Portfolio)	102
Scotia U.S. \$ Money Market Fund	10	Scotia Partners Balanced Income & Growth Portfolio (to be renamed Scotia Partners Balanced Growth Portfolio)	104
Income Funds	13	Scotia Partners Moderate Growth Portfolio (to be renamed Scotia Partners Growth Portfolio)	106
Scotia Mortgage Income Fund	14	Scotia Partners Aggressive Growth Portfolio (to be renamed Scotia Partners Maximum Growth Portfolio)	108
Scotia Bond Fund	16	What is a mutual fund and what are the risks of investing in a mutual fund?	110
Scotia Canadian Income Fund	18	Organization and management of the funds	116
Scotia U.S. \$ Bond Fund	20	Purchases, switches and redemptions	118
Scotia Global Bond Fund	22	Optional services	122
Balanced Funds	25	Fees and expenses	124
Scotia Diversified Monthly Income Fund	26	Dealer compensation	127
Scotia Income Advantage Fund	28	Income tax considerations for investors	128
Scotia Canadian Balanced Fund	30	What are your legal rights?	130
Scotia Canadian Dividend Income Fund (to be renamed Scotia Dividend Balanced Fund)	32		
Scotia Canadian Tactical Asset Allocation Fund (to be renamed Scotia Balanced Opportunities Fund)	34		
Scotia Global Balanced Fund	36		
Scotia U.S. \$ Balanced Fund	38		
Equity Funds	41		
<i>Canadian Equity Funds</i>	42		
Scotia Canadian Dividend Fund	42		
Scotia Canadian Blue Chip Fund	44		
Scotia Canadian Growth Fund	46		
Scotia Canadian Small Cap Fund	48		
Scotia Resource Fund	50		
<i>U.S. Equity Funds</i>	52		
Scotia U.S. Dividend Fund	52		
Scotia U.S. Blue Chip Fund	54		
Scotia U.S. Opportunities Fund	56		
<i>International Equity Funds</i>	58		
Scotia International Value Fund	58		
Scotia European Fund	60		
Scotia Pacific Rim Fund	62		
Scotia Latin American Fund	64		
<i>Global Equity Funds</i>	66		
Scotia Global Dividend Fund	66		
Scotia Global Growth Fund	68		
Scotia Global Small Cap Fund	70		
Scotia Global Opportunities Fund	72		
Index Funds	75		
Scotia Canadian Bond Index Fund	76		
Scotia Canadian Index Fund	78		
Scotia U.S. Index Fund	80		
Scotia CanAm Index Fund	82		
Scotia Nasdaq Index Fund	84		
Scotia International Index Fund	86		
Scotia Portfolios	89		
<i>Scotia Selected Portfolios</i>	90		
Scotia Selected Income Portfolio	90		
Scotia Selected Income & Modest Growth Portfolio (to be renamed Scotia Selected Balanced Income Portfolio)	92		

Introduction

In this document,

fund, funds, portfolio or portfolios means a mutual fund that is offered for sale under this simplified prospectus;

Manager, we, us, and our refer to 1832 Asset Management L.P. (formerly Scotia Asset Management L.P.);

Scotiabank includes The Bank of Nova Scotia (Scotiabank) and its affiliates, including The Bank of Nova Scotia Trust Company (Scotiabank Trust), 1832 Asset Management L.P., Scotia Securities Inc. and Scotia Capital Inc. (including ScotiaMcLeod® and Scotia iTRADE®, each a division of Scotia Capital Inc.);

ScotiaFunds refers to all of our mutual funds and the series, thereof, which are offered under separate simplified prospectuses under the ScotiaFunds® brand and includes the Scotia mutual funds offered under this simplified prospectus;

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

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

This simplified prospectus contains selected important information to help you make an informed investment decision about the funds and to understand your rights as an investor. It's divided into two parts. The first part, from pages 1 to 109, contains specific information about each of the funds offered for sale under this simplified prospectus. The second part, from pages 110 to 130, contains general information that applies to all of the funds offered for sale under this simplified prospectus and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the funds.

Additional information about each fund is available in its annual information form, its most recently filed Fund Facts, its most recently filed annual and interim financial statements and its most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it.

You can get a copy of the funds' annual information form, its most recently filed Fund Facts, financial statements and management reports of fund performance 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 asking your mutual fund representative. You'll also find these documents on our website at www.scotiafunds.com.

These documents and other information about the funds are also available at www.sedar.com.

Fund specific information

The funds offered under this simplified prospectus are part of the ScotiaFunds family of funds. Each fund has been established as a mutual fund trust. Each fund is associated with an investment portfolio having specific investment objectives. Each unit of a series represents an equal, undivided interest in the portion of the fund's net assets attributable to that series. ScotiaFunds offers a number of series of units. The funds offer one or more of Series A, Series F, Series I and Premium Series units.

The series have different management fees and are intended for different investors. Series A units are available to all investors. Series F units are generally available only to investors who have fee-based accounts with authorized brokers or dealers, including ScotiaMcLeod, a division of Scotia Capital Inc. Series I units are available only to eligible institutional investors and other qualified investors. Premium Series units are only available to investors who make the required minimum investment, as determined by us from time to time. You'll find more information about the different series of units under *About the series of units*.

About the fund descriptions

On the following pages, you'll find detailed descriptions of each of the funds to help you make your investment decisions. Here's what each section of the fund descriptions tells you:

Fund details

This section gives you some basic information about each fund, such as its start date and its eligibility for registered plans, including Registered Retirement Savings Plans ("RRSPs"), Registered Retirement Income Funds ("RRIFs"), Registered Education Savings Plans ("RESPs"), Registered Disability Savings Plans ("RDSPs"), Life Income Funds ("LIFs"), Locked-in Retirement Income Funds ("LRIFs"), Locked-in Retirement Savings Plans ("LRSPs"), Prescribed Income Funds ("PRIFs") and Tax-Free Savings Accounts ("TFSA").

All of the funds offered under this simplified prospectus are, or are expected to be, qualified investments under the Tax Act for registered plans. In certain cases, we may restrict purchases of units of certain funds by certain registered plans.

What does the fund invest in?

This section tells you the fund's fundamental investment objectives and the strategies it uses in trying to achieve those objectives. Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

About derivatives

Derivatives are investments that derive their value from the price of another investment or from anticipated movements in interest rates, currency exchange rates or market indexes. Derivatives are usually contracts with another party to buy or sell an asset at a later time and at a set price. Examples of derivatives are options, forward contracts, futures contracts and swaps.

- *Options* generally give holders the right, but not the obligation, to buy or sell an asset, such as a security or currency, at a set price and a set time. Option holders normally pay the other party a cash payment, called a premium, for agreeing to give them the option.
- *Forward contracts* are agreements to buy or sell an asset, such as a security or currency, at a set price and a set time. The parties have to complete the deal, or sometimes make or receive a cash payment, even if the price has changed by the time the deal closes. Forward contracts are generally not traded on organized exchanges and are not subject to standardized terms and conditions.
- *Futures contracts*, like a forward contract, are agreements to buy or sell an asset, such as a security or currency, at a set price and a set time. The parties have to complete the deal, or sometimes make or receive a cash payment, even if the price has changed by the time the deal closes. Futures contracts are normally traded on a registered futures exchange. The exchange usually specifies certain standardized terms and conditions.
- *Swaps* are agreements between two or more parties to exchange principal amounts or payments based on returns on different investments. Swaps are not traded on organized exchanges and are not subject to standardized terms and conditions.

A fund can use derivatives as long as it uses them in a way that's consistent with the fund's investment objectives and with Canadian securities regulations. All of the funds may use derivatives to hedge their investments against losses from changes in currency exchange rates, interest rates and stock market prices. Some of the funds may also use derivatives to gain exposure to financial markets or to invest indirectly in securities or other assets. This can be less expensive than buying securities or assets directly.

When a fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities regulations.

Investing in other mutual funds

Some of the funds may, from time to time, invest some or all of their assets in other mutual funds (“underlying funds”) that are managed by us or one of our affiliates or associates, including other ScotiaFunds, or by third party investment managers. When deciding to invest in other mutual funds, the portfolio advisor may consider a variety of criteria, including management style, investment performance and consistency, risk attributes and the quality of the underlying fund’s manager or portfolio advisor.

The Scotia Selected Portfolios and Scotia Partners Portfolios provide investors with professionally managed solutions designed to suit their investment profile. Unlike many mutual funds, which primarily invest in individual securities, each of the Scotia Selected Portfolios and Scotia Partners Portfolios invests in a mix of other mutual funds. The mutual funds included in the Scotia Partners Portfolios are offered by some of the most prominent mutual fund families in Canada and include the ScotiaFunds, which make up a large portion of the investments of the Scotia Selected Portfolios.

The Scotia Selected Portfolios and Scotia Partners Portfolios give you:

- strategic asset allocation;
- geographic diversification;
- portfolio advisor style diversification;
- ongoing oversight of the asset mix and fund selection; and
- ongoing portfolio rebalancing to ensure that the appropriate long-term asset mix is maintained.

The selection of underlying funds for the Scotia Selected Portfolios and Scotia Partners Portfolios is subject to a multi-step investment process.

Prior to recommending a fund for inclusion in or removal from the Scotia Partners Portfolios, we consider the asset mix of each of the Scotia Partners Portfolios which are designed for different types of investors with unique risk/reward profiles. Each Scotia Partners Portfolio is diversified by asset class, capitalization, geography and investment style. We monitor the funds regularly and recommendations are based on the funds’ quantitative and qualitative attributes, and the diversification benefits that they bring to each of the Scotia Partners Portfolios.

The creation of the Scotia Selected Portfolios began with a thorough review of the lineup of ScotiaFunds and its affiliates. Using a similar methodology as the Scotia Partners Portfolios, the underlying funds that are included in or removed from the Scotia Selected Portfolios undergo quantitative and qualitative analysis that includes an understanding of the portfolio advisors responsible for the funds. Each Scotia Selected Portfolio is managed against an asset mix, and is diversified by asset class, market

capitalization, geography and investment style. The Scotia Selected Portfolios may also include a combination of active and passive investment strategies. We monitor the Scotia Selected Portfolios regularly and recommendations are based on the funds’ quantitative and qualitative attributes, and the diversification benefits that they bring to each of the Scotia Selected Portfolios.

Funds that engage in repurchase and reverse repurchase transactions

Some of the funds may enter into repurchase or reverse repurchase agreements to generate additional income from securities held in a fund’s portfolio. When a mutual fund agrees to sell a security at one price and buy it back on a specified later date (usually at a lower price), it is entering into a repurchase transaction. When a mutual fund agrees to buy a security at one price and sell it back on a specified later date (usually at a higher price), it is entering into a reverse repurchase transaction. For a description of the strategies the funds use to minimize the risks associated with these transactions, see the discussion under *Repurchase and reverse repurchase transaction risk*.

Funds that lend their securities

Some of the funds may enter into securities lending transactions to generate additional income from securities held in a fund’s portfolio. A mutual fund may lend securities held in its portfolio to qualified borrowers who provide adequate collateral. For a description of the strategies the funds use to minimize the risks associated with these transactions, see the discussion under *Securities lending risk*.

Funds that engage in short selling

Mutual funds may be permitted to engage in a limited amount of short selling under securities regulations. A “short sale” is where a fund borrows securities from a lender which are then sold in the open market (or “sold short”). At a later date, the same number of securities are repurchased by the fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the mutual fund pays interest to the lender. If the value of the securities declines between the time that the fund borrows the securities and the time it repurchases and returns the securities, the fund makes a profit for the difference (less any interest the fund is required to pay to the lender). In this way, the mutual fund has more opportunities for gains when markets are generally volatile or declining.

What are the risks of investing in the fund?

This section tells you the risks of investing in the fund. You’ll find a description of each risk in *Specific risks of mutual funds*.

Investment risk classification methodology

A risk classification rating is assigned to each fund to provide you with information to help you determine whether the fund is appropriate for you. Each fund is assigned a risk rating in one of the following categories: low, low to medium, medium, medium to high or high. The investment risk rating for each fund is reviewed at least annually as well as if there is a material change in a fund's investment objective or investment strategies.

The methodology used to determine the risk ratings of the fund for purposes of disclosure in this simplified prospectus is based on a combination of the qualitative aspects of the methodology recommended by the Fund Risk Classification Task Force of the Investment Fund Institute of Canada and the Manager's quantitative analysis of a fund's historic volatility. The Manager takes into account other qualitative factors in making its final determination of each fund's risk rating. In particular, the standard deviation of each fund is reviewed. Standard deviation is a common statistic used to measure the volatility of an investment. Funds with higher standard deviations are generally classified as being more risky. Qualitative factors taken into account include key investment policy guidelines which may include but are not limited to regional, sectoral and market capitalization restrictions as well as asset allocation policies.

The Manager recognizes that other types of risk, both measurable and non-measurable, may exist and that historical performance may not be indicative of future returns and a fund's historic volatility may not be indicative of its future volatility.

The methodology that the Manager uses to identify the investment risk level of the funds is available on request at no cost by contacting 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 fundinfo@scotiabank.com or by writing to us at the address on the back cover of this simplified prospectus.

Who should invest in this fund?

This section can help you decide if the fund might be suitable for your portfolio. It's meant as a general guide only. For advice about your portfolio, you should consult your mutual fund representative. If you don't have a mutual fund representative, you can speak with one of our representatives at any Scotiabank branch or by calling a Scotia Securities Inc. office.

Distribution policy

This tells you when the fund usually distributes any net income and capital gains, and where applicable, return of capital to unit-holders. The funds may also make distributions at other times.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions. For information about how distributions are taxed, see *Income tax considerations for investors*.

Fund expenses indirectly borne by investors

This is an example of how much the fund might pay in expenses. It is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. Each fund pays its own expenses, but they affect you because they reduce the fund's returns.

The table shows how much the fund would pay in expenses on a \$1,000 investment with a 5% annual return. The information in the tables assumes that the fund's management expense ratio (MER) was the same throughout each period shown as it was during its last completed financial year. If a fund does not offer Series F, Series I or Premium Series units or did not distribute Series A, Series F or Series I or Premium Series units prior to December 31, 2012, no fund expenses information is available for that series. You'll find more information about fees and expenses in *Fees and expenses*.

Cash Equivalent Funds

Scotia T-Bill Fund

Scotia Premium T-Bill Fund

Scotia Money Market Fund

Scotia U.S. \$ Money Market Fund

The cash equivalent funds aim to provide safety plus interest income. They have the lowest risk of the ScotiaFunds because they invest in very high quality short-term investments, such as treasury bills and other money market instruments. These funds are managed to attempt to maintain a constant unit value. Interest income will vary with short-term interest rates.

Cash equivalent funds can add stability and liquidity to your portfolio. They're also a good choice if you need quick access to your money or are looking for an alternative to other short-term investments or a savings account.

Scotia T-Bill Fund

Fund details

Fund type	Canadian money market fund
Start date	October 3, 1991
Type of securities	Series A units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in Government of Canada treasury bills and other short-term debt instruments guaranteed by the Government of Canada.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund invests in securities with a maturity of up to one year. The fund's investments will have a maximum 180 average term to maturity and a maximum 90 day average term to maturity when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting.

The portfolio advisor uses interest rate and yield curve analysis to select individual investments and to manage the fund's average term to maturity.

The fund aims to maintain a constant unit value of \$10.00 by crediting income and capital gains daily and distributing them monthly, but there's a risk the price could change.

The fund can invest up to 30% of its assets in foreign securities. Not less than 95% of the fund's assets must be denominated in Canadian currency.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- derivatives risk
- interest rate risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

- This fund may be suitable for you if:
- you want interest income and liquidity
- you're looking for low risk and aiming to preserve capital
- you're investing for the short term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund credits net income daily and distributes it by the last business day of each month.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 8.10	25.53	44.74	101.85

Scotia Premium T-Bill Fund

Fund details

Fund type	Canadian money market fund
Start date	July 10, 1992
Type of securities	Series A units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in Government of Canada treasury bills and other short-term debt instruments guaranteed by the Government of Canada.

The fund pays a rebate, called a management fee distribution, of the management fees otherwise payable to the manager, of 0.20% when the value of the fund within an account is \$250,000 to \$1 million and 0.35% when the value of the fund within an account is more than \$1 million. If you are eligible for a management fee distribution, you can expect to realize more income from the fund than you would otherwise realize.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund invests in securities with a maturity of up to one year. The fund's investments will have a maximum 180 average term to maturity and a maximum 90 day average term to maturity when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting.

The portfolio advisor uses interest rate and yield curve analysis to select individual investments and to manage the fund's average term to maturity.

The fund aims to maintain a constant unit value of \$10.00 by crediting income and capital gains daily and distributing them monthly, but there's a risk the price could change.

The fund can invest up to 30% of its assets in foreign securities. Not less than 95% of the fund's assets must be denominated in Canadian currency.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- Interest rate risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you have at least \$100,000 to invest in the fund
- you want interest income and liquidity
- you're looking for low risk and aiming to preserve capital
- you're investing for the short term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund credits net income daily and distributes it by the last business day of each month.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 5.95	18.74	32.85	74.78

Scotia Money Market Fund

Fund details

Fund type	Canadian money market fund
Start date	Series A units: August 30, 1990 Premium Series units: November 24, 2008 Series I units: June 20, 2005
Type of securities	Series A, Series I and Premium Series units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in high quality, short-term fixed income securities issued by Canadian federal, provincial and municipal governments, Canadian chartered banks and trust companies, and corporations.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund generally invests in securities with a maturity of up to one year. The fund invests in securities with a credit rating of R1 (low) or better by Dominion Bond Rating Service Limited (DBRS), or an equivalent rating by another approved rating agency. The fund's investments will have a maximum 180 average term to maturity and a maximum 90 day average term to maturity when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting.

The portfolio advisor uses interest rate, yield curve and credit analysis to select individual investments and to manage the fund's average term to maturity.

The fund aims to maintain a constant unit value of \$10.00 by crediting income and capital gains daily and distributing them monthly, but there's a risk the price could change.

The fund can invest up to 30% of its assets in foreign securities. Not less than 95% of the fund's assets must be denominated in Canadian currency.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- credit risk
- interest rate risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want interest income and liquidity
- you're looking for low risk and aiming to preserve capital
- you're investing for the short term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund credits net income daily and distributes it by the last business day of each month.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 10.56	33.28	58.34	132.79
Premium Series units	\$ 3.59	11.31	19.82	45.12
Series I units	\$ 0.10	0.32	0.57	1.29

Scotia U.S. \$ Money Market Fund

Fund details

Fund type	U.S. money market fund
Start date	September 29, 1996
Type of securities	Series A units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in treasury bills and other money market instruments that are denominated in U.S. dollars and are issued by Canadian federal, provincial and municipal governments and corporations, and by supranational entities, such as the World Bank.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund generally invests in securities with a maturity of up to one year. The fund invests in securities with a credit rating of R1 (low) or better by Dominion Bond Rating Service Limited (DBRS), or an equivalent rating by another approved rating agency. The fund's investments will have a maximum 180 average term to maturity and a maximum 90 day average term to maturity when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting.

The portfolio advisor uses interest rate, yield curve and credit analysis to select individual investments and to manage the fund's average term to maturity.

The fund aims to maintain a constant unit value of US\$10.00 by crediting income and capital gains daily and distributing them monthly, but there's a risk the price could change.

The fund can invest up to 100% of its assets in securities outside of the U.S. Not less than 95% of the fund's assets must be denominated in U.S. currency.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's

overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- asset-backed and mortgage-backed securities risk
- credit risk
- currency risk
- interest rate risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want interest income and liquidity
- you want exposure to the U.S. Dollar
- you're looking for low risk and aiming to preserve capital
- you're investing for the short term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund credits net income daily and distributes it by the last business day of each month. The fund will also distribute any net realized capital gains arising from the requirement for tax purposes to convert amounts denominated in U.S. dollars to Canadian dollars.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 3.79	11.96	20.96	47.70

Income Funds

Scotia Mortgage Income Fund

Scotia Bond Fund

Scotia Canadian Income Fund

Scotia U.S. \$ Bond Fund

Scotia Global Bond Fund

The income funds aim to offer the potential for higher interest income than the cash equivalent funds. They invest primarily in high quality fixed income securities such as bonds, mortgages and dividend-paying shares. These funds are riskier than cash equivalent funds because they're more sensitive to changes in interest rates and the creditworthiness of issuers.

Income funds can add income potential to your portfolio. They're also a good choice if you want higher income in the medium to long term and can accept possible declines in the value of your investment in the short term.

Scotia Mortgage Income Fund

Fund details

Fund type	Canadian short term fixed income fund
Start date	Series A units: November 30, 1992 Series F units: August 14, 2001 Series I units: April 28, 2003
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide regular interest income. It invests primarily in high quality mortgages on residential properties in Canada.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor uses interest rate and yield curve analysis to select individual investments and manage the fund's average term to maturity. The mortgages purchased by the fund are generally either:

- insured or guaranteed by Canadian federal or provincial governments, or their agencies, or
- conventional first mortgages with loan-to-value ratios of no more than 80%, unless the excess is insured by an insurance company registered or licensed under federal or provincial legislation.

Scotiabank will buy any mortgage that is in default if it was purchased from Scotia Mortgage Corporation. It will buy the mortgage at a price equal to the principal value plus any unpaid interest. That means the fund doesn't assume the risk of default on these mortgages.

The fund may invest up to 25% of its assets in fixed income securities issued by Canadian federal, provincial and municipal governments, and by corporations.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to adjust the fund's average term to maturity, to adjust credit risk, to gain or reduce exposure to income-producing securities and to

hedge against changes in interest rates and foreign currency exchange rates. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 10% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- asset-backed and mortgage-backed risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

As at October 11, 2013, Scotia Diversified Monthly Income Fund, Scotia Selected Balanced Income & Growth Portfolio, and Scotia Selected Income & Modest Growth Portfolio held approximately 17.4%, 16.6% and 13.2%, respectively, of the outstanding units of the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you want regular interest income
- you can accept low to medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 19.07	60.10	105.35	239.80
Series F units	\$ 11.69	36.84	64.57	146.97
Series I units	\$ 4.00	12.60	22.09	50.28

Scotia Bond Fund

Fund details

Fund type	Canadian fixed income fund
Start date	Series A units: August 17, 2009 Series I units: August 17, 2009
Type of securities	Series A and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the Fund invest in?

Investment objectives

The fund's objective is to provide a steady flow of income and modest capital gains. The fund invests primarily in high-quality fixed-income securities issued by Canadian federal, provincial and municipal governments and Canadian corporations.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor will take into consideration the DEX Universe Bond Index in structuring the fund's portfolio. The portfolio advisor will select investments by analyzing the security's features, its current price compared to its estimated long-term value, the credit quality of the issuer as well as any short-term trading opportunities resulting from market inefficiencies. The portfolio advisor may also allocate the fund's assets to different bond maturities than the DEX Universe Bond Index while maintaining a similar overall duration as the index.

The fund will invest primarily in securities rated BBB or higher at the time of investment by Dominion Bond Rating Service Limited or an equivalent rating by another approved rating agency.

The fund may also invest in money market instruments, commercial paper, bankers' acceptances and mortgage-backed securities.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to adjust the fund's average term to maturity, to adjust credit risk, to gain or reduce exposure to income-producing securities and to hedge against changes in interest rates and foreign currency

exchange rates. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 10% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- asset-backed and mortgage-backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

As at October 11, 2013, Scotia Selected Income & Modest Growth Portfolio and Scotia Selected Balanced Income & Growth Portfolio held approximately 32.6% and 27.1%, respectively, of the outstanding units of the fund.

Who should invest in this fund?

This Fund may be suitable for you if:

- you want a high level of regular interest income
- you can accept low to medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 13.02	41.04	71.93	163.73
Series I units	\$ 0.21	0.65	1.13	2.58

Scotia Canadian Income Fund

Fund details

Fund type	Canadian fixed income fund
Start date	Series A units: November 1, 1957 Series F units: August 14, 2001 Series I units: December 10, 2002
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide a high level of regular interest income and modest capital gains. It invests primarily in:

- bonds and treasury bills issued by Canadian federal, provincial and municipal governments and Canadian corporations
- money market instruments issued by Canadian corporations. These include commercial paper, bankers' acceptances, mortgage-backed securities and guaranteed investment certificates
- high-quality dividend-paying shares of Canadian corporations.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

Securities with a maturity of one year or less will have a credit rating of R2 (low) or better by Dominion Bond Rating Service Limited (DBRS), or an equivalent rating by another approved rating agency. Securities with a maturity of more than one year will have a credit rating of BBB (low) or better by DBRS, or an equivalent rating by another approved rating agency.

The average term to maturity of the fund's investments will vary, depending on market conditions. The portfolio advisor adjusts the average term to maturity to try to maximize returns while minimizing interest rate risk.

The portfolio advisor uses interest rate and yield curve analysis to select individual investments and manage the fund's average term to maturity. It analyzes credit risk to identify

securities that offer the potential for higher yields at an acceptable level of risk.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to adjust the fund's average term to maturity, to adjust credit risk, to gain or reduce exposure to income-producing securities and to hedge against changes in interest rates and foreign currency exchange rates. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 10% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- asset-backed and mortgage-backed securities risk
- commodity risk
- credit risk
- currency risk

- derivatives risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

As at October 11, 2013, Scotia Canadian Balanced Fund held approximately 12.7% of the outstanding units of the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you want a high level of regular interest income
- you can accept low to medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 14.86	46.85	82.12	186.94
Series F units	\$ 9.02	28.44	49.84	113.45
Series I units	\$ 0.21	0.65	1.13	2.58

Scotia U.S. \$ Bond Fund

Fund details

Fund type	Global fixed income fund
Start date	Series A units: November 27, 1991 Series F units: July 11, 2001
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide a high level of interest income. It invests primarily in bonds and treasury bills that are denominated in U.S. dollars and are issued by Canadian federal, provincial and municipal governments, Canadian corporations and supranational entities, such as the World Bank.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

Securities with a maturity of one year or less will have a credit rating of R2 (low) or better by Dominion Bond Rating Service Limited (DBRS), or an equivalent rating by another approved rating agency. Securities with a maturity of more than one year will have a credit rating of BBB (low) or better by DBRS, or an equivalent rating by another approved rating agency.

The average term to maturity of the fund's investments will vary depending on market conditions. The portfolio advisor adjusts the average term to maturity to try to maximize returns while minimizing interest rate risk.

The portfolio advisor uses interest rate and yield curve analysis to select individual investments and manage the fund's average term to maturity. It analyzes credit risk to identify securities that offer the potential for higher yields at an acceptable level of risk.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to adjust the fund's average term to maturity, to adjust credit risk, to gain or reduce exposure to income-producing securities and to

hedge against changes in interest rates and foreign currency exchange rates. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 49% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The risks of investing in this fund are:

- commodity risk
- credit risk
- derivatives risk
- foreign investment risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want a high level of regular interest income and U.S. dollar exposure
- you can accept low to medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 17.63	55.58	97.42	221.75
Series F units	\$ 15.99	50.41	88.36	201.12

Scotia Global Bond Fund

Fund details

Fund type	Global fixed income fund
Start date	Series A units: July 4, 1994 Series F units: November 19, 2002 Series I units: April 28, 2003
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide a high level of regular interest income. It invests primarily in foreign currency-denominated bonds and money market instruments issued by Canadian federal, provincial and municipal governments and Canadian corporations, and by foreign governments and corporations, and supranational entities, such as the World Bank.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The average term to maturity of the fund's investments will vary, depending on market conditions. The portfolio advisor adjusts the average term to maturity to try to maximize returns while minimizing interest rate risk.

The portfolio advisor uses interest rate and yield curve analysis to select individual investments and manage the fund's average term to maturity. It analyzes credit risk to identify securities that offer the potential for higher yields at an acceptable level of risk.

The fund holds securities denominated in a variety of currencies for diversification.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to adjust the fund's average term to maturity, to adjust credit risk, to gain or reduce exposure to income-producing securities and to hedge against changes in interest rates and foreign currency exchange rates. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The risks of investing in this fund are:

- asset-backed and mortgage-backed securities risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- interest rate risk
- issuer-specific risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want a high level of interest income from fixed income securities denominated in a variety of currencies
- you can accept medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 21.63	68.18	119.51	272.03
Series I units	\$ 1.23	3.88	6.80	15.47

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Balanced Funds

Scotia Diversified Monthly Income Fund

Scotia Income Advantage Fund

Scotia Canadian Balanced Fund

Scotia Canadian Dividend Income Fund (*to be renamed
Scotia Dividend Balanced Fund*)

Scotia Canadian Tactical Asset Allocation Fund (*to be
renamed Scotia Balanced Opportunities Fund*)

Scotia Global Balanced Fund

Scotia U.S. \$ Balanced Fund

The balanced funds offer a combination of equity, fixed income and cash equivalent securities in a single investment. The portfolio advisors adjust the asset allocation as market conditions change to increase the potential for higher returns while managing risk. Balanced funds generally have less volatility than equity funds, but more volatility than income funds. For many investors, balanced funds offer a straightforward investment choice for most or all of their portfolio.

Balanced Funds

Scotia Diversified Monthly Income Fund

Fund details

Fund type	Canadian neutral balanced fund
Start date	Series A units: June 20, 2005 Series F units: August 31, 2005
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide regular monthly income and some capital appreciation.

It invests primarily in a diversified portfolio of income generating securities such as:

- dividend paying common shares
- preferred shares
- investment grade bonds
- convertible debentures
- mortgages
- high yield bonds
- asset-backed and mortgage-backed securities
- income trust units

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor determines the asset mix based on its analysis of market conditions and performance expectations for each asset series in a manner consistent with the fund's investment objectives. For the fund's equity investments, the portfolio advisor uses fundamental analysis to identify appropriate long-term investments. This involves evaluating the financial condition and management of each company, as well as its industry and the economy. The fund's assets are diversified by industry and company to help reduce risk. For fixed income securities, the portfolio advisor analyzes credit risk to identify securities that offer higher yields at an acceptable level of risk. Interest rate and yield curve analysis are used to manage the fund's average term to maturity depending on market conditions. The credit quality of the

fund's investments will vary depending on the economic cycle, industry factors, specific company situations and market pricing considerations to try to maximize returns while minimizing portfolio risk.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to adjust the fund's average term to maturity, to gain or reduce exposure to income-producing securities and to hedge against changes in interest rates, foreign currency exchange rates, credit spreads and stock market prices. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 30% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- asset-backed and mortgage-backed securities risk
- commodity risk
- credit risk

- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 20.5% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I, and up to 20.1% of the net assets of the portfolio were invested in Scotia Private Canadian Corporate Bond Pool Series I.

Who should invest in this fund?

This fund may be suitable for you if:

- you want regular monthly income with some capital appreciation
- you can accept medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution may be adjusted throughout the year as conditions change. If the amount distributed exceeds the net income

and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 15.07	47.50	83.26	189.52
Series F units	\$ 10.46	32.96	57.77	131.50

Scotia Income Advantage Fund

Fund details

Fund type	Canadian neutral balanced fund
Start date	Series A units: July 6, 2011
Type of securities	Series A units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide regular income and long term capital growth. It invests primarily in a diversified portfolio of fixed income and income-oriented equity securities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund uses a flexible approach to investing primarily in fixed income and income-oriented equity securities with no restrictions on market capitalization, industry sector or geographic mix. The fund's asset mix will vary according to the portfolio advisor's view of market and economic conditions.

The fund may invest in fixed income securities of any quality or term. This includes, but is not limited to, government and corporate bonds, convertible bonds and debentures. This may include securities that are unrated or have a credit rating below investment grade. The term to maturity of these securities will vary depending on the portfolio advisor's outlook on interest rates.

To the extent that the fund invests in equity securities, these may include common shares, preferred shares, convertible preferred shares, real estate investment trusts, and other high yielding equity securities that are diversified by sector, style and geography.

The fund may also hold mortgage backed securities, participation interests in loans, notes, closed end funds and private placements in equity and/or debt securities of public or private companies.

When buying and selling securities, the portfolio advisor will:

- analyze the financial and managerial prospects for a particular company and its relevant sector;

- assess the condition of credit markets and the yield curve, including the outlook on monetary conditions; and
- conduct management interviews with companies to determine the corporate strategy and business plan, as well as to evaluate management capabilities

The portfolio advisor may

- use derivatives such as options, forward contracts and swaps to hedge against losses from changes in the prices of investments, commodity prices, interest rates, credit risk, market indices or currency exchange rates, and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.
- seek additional income through covered call writing and other derivative strategies

The fund can invest up to 80% of its assets in foreign securities.

The fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund may from time to time invest a portion of its assets in securities of other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest most or all of the fund's assets in cash and cash equivalent securities. The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lower the fund's returns.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a

candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- asset-backed and mortgage-backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- small companies risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want regular income with long term capital growth
- you can accept medium risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution may be adjusted throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 21.94	69.15	121.21	275.90

Scotia Canadian Balanced Fund

Fund details

Fund type	Canadian neutral balanced fund
Start date	Series A units: May 7, 1990 Series F units: March 22, 2001
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide a balance between earning income and obtaining capital growth over the long term. It invests primarily in a broad range of Canadian equity and fixed income securities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund's asset mix will generally vary within the following ranges: 30-70% in equity securities and 30-70% in cash equivalent and fixed income securities. The portfolio advisor determines the asset mix based on its analysis of market conditions and how it expects each asset series to perform over the long term.

The portfolio advisor uses fundamental analysis to identify long-term investments. This involves evaluating the financial condition and management of each company, as well as its industry and the economy. The fund's assets are diversified by industry and company to help reduce risk.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against changes in stock prices, commodity prices, market indexes or currency exchange rates, credit spreads and interest rates and to gain or reduce exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 30% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- asset-backed and mortgage-backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 40.3% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I.

Who should invest in this fund?

This fund may be suitable for you if:

- you want both interest income and growth through asset allocation among the three major asset classes
- you can accept medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each quarter, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 21.01	66.24	116.11	264.29
Series F units	\$ 14.76	46.53	81.56	185.65

Scotia Canadian Dividend Income Fund

(to be renamed Scotia Dividend Balanced Fund)

Fund details

Fund type	Canadian equity balanced fund
Start date	Series A units: August 27, 2010 Series I units: August 27, 2010
Type of securities	Series A and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to achieve long-term capital growth and current income return. It invests, either directly or through investing in securities of other funds, primarily in equity securities of companies that pay dividends or that are expected to pay dividends, fixed income securities, and other securities that are expected to distribute income.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor uses fundamental analysis to identify investments that pay dividends and income and/or have the potential for capital growth over the long term. This involves evaluating the financial condition and management of each company, as well as its industry and the economy. The fund's assets are diversified by industry and company to help reduce risk.

The fund may invest in fixed income securities of any quality or term, and may also invest in securities that are expected to distribute income. For fixed income securities, the portfolio advisor analyzes credit risk to identify securities that offer higher yields at an acceptable level of risk. Interest rate and yield curve analysis are used to manage the fund's average term to maturity depending on market conditions. The credit quality of the fund's investments will vary depending on the economic cycle, industry factors, specific company situations and market pricing considerations to try to maximize returns while minimizing portfolio risk.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other

mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates, and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 30% of its assets in foreign securities.

This fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk

- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 13.7% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I.

Who should invest in this fund?

This fund may be suitable for you if:

- you want to maximize after-tax income by taking advantage of the Canadian dividend tax credit. This only applies to non-registered accounts because you generally don't pay tax on distributions received from funds you hold in registered plans
- you want some potential for long term growth
- you can accept medium risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 19.78	62.36	109.31	248.82

No information is available for Series I units as this series was not operational at the end of the last completed financial year.

Scotia Canadian Tactical Asset Allocation Fund

(to be renamed Scotia Balanced Opportunities Fund)

Fund details

Fund type	Tactical balanced fund
Start date	Series A units: April 18, 1989 Series F units: March 22, 2001
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	Connor, Clark & Lunn Investment Management Ltd. Vancouver, British Columbia

What does the fund invest in?

Investment objectives

The fund's objective is to obtain capital growth over the long term, while providing modest income. It invests primarily in a broad range of Canadian equity and fixed income securities. It may also invest in equity and fixed income securities from around the world.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund's asset mix will generally vary within the following ranges: 20-80% in equity securities and 20-80% in fixed income securities. The fund may also invest a portion of its assets in money market instruments. The portfolio advisor determines the mix based on its analysis of market conditions and how it expects each asset series to perform.

The portfolio advisor actively manages the allocation between equity and fixed income securities to try to maximize returns. It will aggressively pursue opportunities for capital gains or investment income, but will take measures to avoid undue risk or low returns from a particular security.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor uses fundamental analysis to identify long-term investments. This involves evaluating the financial condition and management of each company, as well as its industry and the economy.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates, and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 49% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- asset-backed and mortgage-backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk

- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want growth through asset allocation among the three major asset classes
- you can accept medium risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each quarter, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 21.32	67.21	117.81	268.16
Series F units	\$ 14.56	45.88	80.43	183.07

Scotia Global Balanced Fund

Fund details

Fund type	Global neutral balanced fund
Start date	Series A units: August 27, 2010 Series I units: August 27, 2010
Type of securities	Series A and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	CI Investments Inc. Toronto, Ontario

What does the fund invest in?

Investment objectives

This fund aims to generate income and long term capital growth. It primarily invests in a combination of equity and fixed income securities from anywhere in the world.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

This fund uses an asset allocation approach. The fund is not limited to how much it invests in any single country or asset series. This will vary according to market conditions. To the extent the fund invests in equity securities, these may include preferred and common shares that are diversified by sector and style. Investments in fixed income securities may consist of government and corporate bonds, debentures, loans and notes. This may include securities that are unrated or have a credit rating below investment grade. The term to maturity of these securities will vary depending on the portfolio advisor's outlook for interest rates.

In selecting investments for the fund, the portfolio advisor uses a combination of top down macro-economic analysis and fundamental analysis for bottom up security selections. When deciding whether to buy or sell an investment, the portfolio advisor also considers whether the investment is a good value relative to its current price. The fund also may seek additional income through:

- Investment in real estate investment trusts, royalty trusts, income trusts, master limited partnerships and other similar investments
- Writing covered call options.

This fund may use derivatives such as options, futures, forward contracts and swaps to:

- protect against losses from changes in interest rates and the prices of its investments, and from exposure to foreign currencies
- gain exposure to individual securities and markets instead of buying the securities directly.

Derivatives will only be used as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

This fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest this fund's assets in cash and cash equivalent securities. The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lower the fund's returns.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 100.0% of the net assets of the fund were invested in CI Signature Global Income & Growth Fund Series I.

Who should invest in this fund?

This fund may be suitable for you if:

- you want exposure to a combination of equity and fixed income securities from anywhere in the world
- you can accept medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each quarter, other than December. The final

distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 25.22	79.49	139.33	317.15

No information is available for Series I units as this series was not operational at the end of the last completed financial year.

Scotia U.S. \$ Balanced Fund

Fund details

Fund type	Global neutral balanced fund
Start date	Series A units: July 6, 2011
Type of securities	Series A units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to provide long term capital growth and current income in U.S. dollars. It invests primarily in a combination of fixed income and equity securities that are denominated in U.S. dollars.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund uses an asset allocation approach by investing in a diversified portfolio primarily consisting of fixed income and equity securities denominated in U.S. dollars. The fund's asset mix will vary according to the portfolio advisor's view of market and economic conditions.

Investment analysis for the equity component of the fund's portfolio follows a bottom-up approach, which emphasizes careful company specific analysis. This means evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the portfolio advisor will:

- analyze financial data and other information sources;
- assess the quality of management; and
- conduct company interviews where possible.

The fund may invest in fixed income securities of any quality or term. For fixed income securities, the portfolio advisor will:

- analyze the financial and managerial prospects for a particular company and its relevant sector;
- assess, among other data, the condition of credit markets, the yield curve, as well as the outlook for monetary conditions; and

- when needed, conduct management interviews with companies to determine the corporate strategy and business plan, as well as to evaluate management capabilities.

The fund may invest a portion of its assets in U.S. dollar denominated securities of issuers located outside the U.S. The fund's investments across different countries and regions may vary from time to time, depending upon the portfolio advisor's view of specific investment opportunities and macro-economic factors. The fund may also invest from time to time in securities not denominated in U.S. dollars.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to:

- hedge against losses from changes in the prices of investments, commodity prices, interest rates or market indices. It will only use derivatives as permitted by securities regulations.
- gain exposure to individual securities and financial markets instead of buying the securities directly; and/or
- seek additional income using derivative strategies.

The fund can invest up to 100% of its assets in foreign securities.

The fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may choose to hold cash or fixed-income securities for strategic reasons. In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest most or all of the fund's assets in cash and cash equivalent securities. The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lower the fund's returns.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want exposure to a combination of equity and fixed income securities

- you want exposure to the U.S. dollar
- you can accept medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each quarter, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 23.27	73.35	128.57	292.66

Equity Funds

Canadian Equity Funds

Scotia Canadian Dividend Fund

Scotia Canadian Blue Chip Fund

Scotia Canadian Growth Fund

Scotia Canadian Small Cap Fund

Scotia Resource Fund

U.S. Equity Funds

Scotia U.S. Dividend Fund

Scotia U.S. Blue Chip Fund

Scotia U.S. Opportunities Fund

International Equity Funds

Scotia International Value Fund

Scotia European Fund

Scotia Pacific Rim Fund

Scotia Latin American Fund

Global Equity Funds

Scotia Global Dividend Fund

Scotia Global Growth Fund

Scotia Global Small Cap Fund

Scotia Global Opportunities Fund

The equity funds offer the greatest potential for long-term growth. They invest mainly in common shares and other equity securities of companies in Canada and around the world. These funds also have higher risk because the prices of equity securities can change significantly in a short period of time. The amount of risk depends on the securities in which a fund invests. Funds that concentrate on a particular industry or geographic area usually have more risk than funds that are more broadly diversified.

Equity funds can add growth potential to your portfolio. They're a good choice if you don't need income and can accept possible declines in the value of your investment in the short term.

Scotia Canadian Dividend Fund

Fund details

Fund type	Canadian dividend and income equity fund
Start date	Series A units: October 28, 1992 Series F units: January 21, 2002 Series I units: April 28, 2003
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to earn a high level of dividend income with some potential for long-term capital growth. It invests primarily in dividend-paying common shares and in a broad range of preferred shares, such as floating rate, convertible and retractable preferred shares of Canadian companies.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor uses fundamental analysis to identify investments that pay dividends and income and have the potential for capital growth over the long term. This involves evaluating the financial condition and management of each company, as well as its industry and the economy. The fund's assets are diversified by industry and company to help reduce risk.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates, and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 30% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want to maximize after-tax income by taking advantage of the Canadian dividend tax credit. This only applies to non-registered accounts because you generally don't pay tax on distributions received from funds you hold in registered plans
- you want some potential for long term capital growth
- you can accept medium risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each quarter, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 17.73	55.90	97.98	223.04
Series F units	\$ 9.74	30.70	53.81	122.48
Series I units	\$ 0.21	0.65	1.13	2.58

Scotia Canadian Blue Chip Fund

Fund details

Fund type	Canadian focused equity fund
Start date	Series A units: December 31, 1986 Series F units: April 25, 2002 Series I units: June 20, 2005
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth. It invests primarily in a broad range of high quality equity securities of large Canadian companies.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund emphasizes large, well-established companies that are leaders in their industry.

The portfolio advisor invests primarily in publicly traded equity securities of businesses located in Canada. The fund generally follows a focused investment approach emphasizing a portfolio to 35 to 60 different businesses that meet required objectives. The portfolio advisor attempts to purchase investee businesses at a discount to their intrinsic value. Tax efficiency is an important part of the investment strategy and investments within the fund tend to be held for the longer term. From time to time investments may be sold to harvest tax losses. Investments may be eliminated when original attributes, including valuation parameters, are lost for whatever reason, in the opinion of the portfolio advisor.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 30% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in high quality equity securities of large Canadian companies
- you can accept medium risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 22.55	71.09	124.60	283.63
Series F units	\$ 15.89	50.09	87.79	199.83
Series I units	\$ 0.72	2.26	3.96	9.02

Scotia Canadian Growth Fund

Fund details

Fund type	Canadian equity fund
Start date	Series A units: February 20, 1961 Series F units: June 16, 2002 Series I units: April 28, 2003
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth. It invests primarily in a broad range of Canadian equity securities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund represents a more actively traded portfolio of equity securities chosen according to a growth investment approach. The portfolio advisor utilizes an approach that seeks to identify companies demonstrating better than average current or prospective earnings growth relative to overall market and relative to their peer group. When deciding to buy or sell an investment, the portfolio advisor also considers whether it is a good value relative to its current price.

The portfolio advisor may use techniques such as fundamental analysis to assess growth potential. This means evaluating the financial condition and management of a company, its industry and the overall economy. As part of this evaluation, the portfolio advisor may:

- analyze financial data and other information sources
- assess the quality of management
- conduct company interviews, where possible

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market

indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 49% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk

- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in a broad range of Canadian equity securities
- you can accept medium risk
- you're investing for the long term.

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 22.45	70.77	124.04	282.34
Series F units	\$ 15.79	49.76	87.22	198.54
Series I units	\$ 0.41	1.29	2.27	5.16

Scotia Canadian Small Cap Fund

Fund details

Fund type	Canadian small/mid cap equity fund
Start date	Series A units: October 28, 1992 Series F units: November 30, 2000 Series I units: April 28, 2003
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is aggressive long-term capital growth. It invests primarily in equity securities of small and medium Canadian companies listed on major Canadian stock exchanges.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund represents a more actively traded portfolio of equity securities chosen according to a growth investment approach. The portfolio advisor utilizes an approach that seeks to identify companies demonstrating the strongest earnings growth relative to the overall market and relative to their peer group.

The portfolio advisor:

- will select investments by identifying securities that are deemed to offer potential for growth above the securities of comparable companies in the same industry
- will assess the financial parameters of a company, its market share and role in its industry, as well as the economic state of its industry. Measures, such as earnings, price/earnings multiples and market share growth, may be used to evaluate investments
- may conduct management interviews with companies to determine the corporate strategy and business plan, as well as to evaluate management capabilities

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 30% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk

- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of smaller Canadian companies
- you can accept high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 25.32	79.81	139.90	318.44
Series I units	\$ 0.72	2.26	3.96	9.02

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Scotia Resource Fund

Fund details

Fund type	Natural resources equity fund
Start date	Series A units: July 6, 1993 Series F units: February 27, 2004 Series I units: November 5, 2008
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is aggressive long-term capital growth. It invests primarily in equity securities of Canadian resource based companies, including companies that operate in the oil and gas, gold and precious metals, metals and minerals, and forest products industries.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund invests in equity securities of businesses involved in the exploration or exploitation, development, production, processing, transportation or trading in base or ferrous metals, precious commodities (such as gold, silver, platinum, palladium and gems), coal, iron ore, uranium, energy commodities such as oil, natural gas, wind, alternative energy and other hydrocarbon products, lumber and lumber-related products, and other industrial materials. The fund may also invest in other types of securities to achieve its investment objective. Based on the portfolio advisor's view of global resource supply and demand, the resource sector weightings within the portfolio may vary and from time to time, a substantial portion of the fund's assets may be in one resource sector.

The portfolio advisor uses fundamental analysis to identify investments that have the potential for above-average growth over the long term. This involves evaluating the financial condition and management of each company, as well as its industry and the economy. The fund's assets are diversified by industry and company to help reduce risk.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other

mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 49% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk

- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

No information is available for Series I units as this series was not operational at the end of the last completed financial year.

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in the resource sector
- you can accept high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year. Gains realized from trading in precious metals will result in distributions of net income rather than net realized capital gains.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 24.19	76.26	133.67	304.26
Series F units	\$ 18.35	57.84	101.38	230.77

U.S. Equity Funds

Scotia U.S. Dividend Fund

Fund details

Fund type	U.S. equity fund
Start date	Series A units: November 20, 2012 Series I units: November 20, 2012
Type of securities	Series A and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	CI Investments Inc. Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund aims to achieve a high level of total investment return, consisting of dividend income and capital gains. It invests primarily in equity securities of U.S. companies that pay, or may be expected to pay, dividends.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor identifies companies with a consistent history of paying and/or growing dividends that offer good value and the potential for growth in their industry.

The portfolio advisor uses techniques such as fundamental analysis to assess growth potential and valuation. This means evaluating the financial condition, competitiveness, and management of each company, its industry and the overall economy. As part of this evaluation, the portfolio advisor:

- analyzes financial data and other information sources
- assesses the quality of management
- conducts company interviews, where possible

When deciding to buy or sell an investment, the portfolio advisor considers whether the investment is a good value relative to its current price.

The fund may invest 10% of its assets in dividend paying equity securities listed outside the U.S., including ADR's of companies domiciled outside of the U.S.

The fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing

securities. The portfolio advisor selects the quality and term of each investment according to market conditions.

The portfolio advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly to hedge against losses from changes in the prices of the fund's investments and from exposure to foreign currencies. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

This fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

This fund may from time to time invest a portion of its assets in securities of other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see Investing in other mutual funds. In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest this fund's assets in cash and cash equivalent securities.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- currency risk
- commodity risk

- derivatives risk
- equity risk
- foreign investment risk
- interest rate risk
- issuer-specific risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

As at October 11, 2013, Scotia Selected Balanced Income & Growth Portfolio, Scotia Selected Moderate Growth Portfolio, and Scotia Selected Income & Modest Growth Portfolio held approximately 52.1%, 17.5% and 13.9%, respectively, of the outstanding units of the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of large U.S. companies
- you can accept medium to high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each year and may pay distributions at other times during the year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

As Series A and I units have been offered for less than one year, expense information for the full year is not available.

Scotia U.S. Blue Chip Fund

Fund details

Fund type	U.S. equity fund
Start date	Series A units: December 31, 1986 Series F units: June 16, 2002 Series I units: April 28, 2003
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth. It invests primarily in a broad range of U.S. equity securities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund emphasizes large, well-established companies that are leaders in their industry. The portfolio advisor invests primarily in publicly traded equity securities of businesses located in the United States. The fund generally follows a focused investment approach emphasizing a portfolio of 35 to 60 different businesses that meet required objectives. The portfolio advisor attempts to purchase investee businesses at a discount to their intrinsic value. Tax efficiency is an important part of the investment strategy and investments within the fund tend to be held for the longer term. From time to time investments may be sold to harvest tax losses. Investments may be eliminated when original attributes, including valuation parameters, are lost for whatever reason, in the opinion of the portfolio advisor.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities. The fund may invest a portion of its assets in securities of companies located outside the U.S. and Canada.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk

- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of U.S. companies
- you can accept medium to high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 28.39	89.51	156.89	357.12

No information is available for Series F and Series I units as these series were not operational at the end of the last completed financial year.

Scotia U.S. Opportunities Fund

Fund details

Fund type	U.S. equity fund
Start date	Series A units: December 17, 2000 Series F units: April 18, 2001 Series I units: April 23, 2007
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to achieve long-term capital growth. It invests primarily in equity securities of U.S. companies.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor uses fundamental analysis to identify companies that are priced below their estimated intrinsic value. This involves evaluating the financial condition and management of each company relative to its industry and sector peers. The fund's assets are diversified by industry and company to help reduce risk.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets and/or generate income. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities. The fund may invest a portion of its assets in securities of companies located outside the U.S. and Canada.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of large U.S. companies
- you can accept medium to high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 26.86	84.66	148.39	337.78
Series I units	\$ 0.41	1.29	2.27	5.16

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

International Equity Funds

Scotia International Value Fund

Fund details

Fund type	International equity fund
Start date	Series A units: December 17, 2000 Series F units: November 13, 2001 Series I units: April 23, 2007
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to achieve long-term capital growth. It invests primarily in equity securities of companies located outside of the U.S. and Canada.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund invests in a broadly diversified portfolio consisting primarily of equity securities of businesses located in Europe, Australasia and the Far East. The fund may invest a portion of its assets in securities of companies in emerging markets. Based on the portfolio advisor's view of the global capital markets, the fund may invest from time to time in a limited number of countries and areas of the world.

Investment analysis for the fund follows a bottom-up approach which emphasizes careful company specific analysis. Using a value investment approach, the portfolio advisor invests in companies that represent good value based on current stock, price relative to the company's intrinsic value.

Techniques such as fundamental analysis may be used to assess growth and value potential. This means evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the portfolio advisor may:

- analyze financial data and other information sources
- assess the quality of management
- conduct company interviews, where possible

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other

mutual fund managers. For more information see Investing in other mutual funds.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulation.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk

- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

As at October 11, 2013, Scotia Selected Balanced Income & Growth Portfolio, Scotia Selected Moderate Growth Portfolio, and Scotia Selected Income & Modest Growth Portfolio held approximately 48.4%, 19.3% and 15.3%, respectively, of the outstanding units of the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of large foreign companies
- you can accept medium to high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 28.91	91.12	159.72	363.57
Series I units	\$ 0.82	2.59	4.53	10.31

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Scotia European Fund

Fund details

Fund type	European equity fund
Start date	Series A units: October 1, 1996 Series F units: September 15, 2004 Series I units: November 5, 2008
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	Hermes Sourcecap Limited London, England

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth. It invests primarily in a broad range of high quality equity securities of companies in Europe.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor uses fundamental analysis to identify investments that have the potential for above-average growth over the long term. This involves evaluating the financial condition and management of each company, as well as its industry and the economy. The fund's assets are diversified by industry and company to help reduce risk.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 60% of its assets in a single country. The fund can invest up to 100% of its assets in foreign securities. It holds securities denominated in a variety of currencies to hedge against volatility in foreign exchange markets.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of European companies
- you can accept medium to high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 28.19	88.86	155.75	354.54
Series I units	\$ 3.59	11.31	19.82	45.12

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Scotia Pacific Rim Fund

Fund details

Fund type	Asia Pacific equity fund
Start date	Series A units: October 17, 1994 Series F units: February 27, 2004 Series I units: June 20, 2005
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth. It invests primarily in a broad range of equity securities of companies in the western portion of the Pacific Rim.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund invests in equity securities of businesses located in or with operations primarily based in, the Pacific Rim which includes Australia, the People's Republic of China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, South Korea, Taiwan, Thailand, Bangladesh and Vietnam. Based on the portfolio advisor's view of the Pacific Rim capital markets, the fund may from time to time hold substantial investments in one or only a few of these countries.

Investment analysis for the fund follows a bottom-up approach, which emphasizes careful company specific analysis. Using a value investment approach, the portfolio advisor invests in companies that represent good value based on current stock price relative to the company's intrinsic value.

Techniques such as fundamental analysis are used to assess growth and value potential. This means evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the portfolio advisor may:

- analyze financial data and other information sources
- assess the quality of management
- conduct company interviews, where possible

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk

- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of companies in the Pacific Rim
- you can accept high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 29.32	92.42	161.98	368.72
Series I units	\$ 5.13	16.16	28.32	64.46

Scotia Latin American Fund

Fund details

Fund type	Specialty fund
Start date	Series A units: October 16, 1994 Series F units: February 27, 2004 Series I units: June 20, 2005
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	Scotia Inverlat Casa de Bolsa, S.A. De C.V., Grupo Financiero Scotiabank Inverlat Mexico City, Mexico

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth. It invests primarily in a broad range of high quality equity securities of companies in Latin America.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor uses fundamental analysis to identify investments that have the potential for above-average growth over the long term. This involves evaluating the financial condition and management of each company, as well as its industry and the economy. The fund's assets are diversified by industry and company to help reduce risk.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 75% of its assets in a single country. The fund can invest up to 100% of its assets in foreign securities. It holds securities denominated in a variety of

currencies to hedge against volatility in foreign exchange markets.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk

- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of Latin American companies
- you can accept high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 27.27	85.95	150.66	342.94
Series F units	\$ 20.40	64.30	112.71	256.56
Series I units	\$ 3.59	11.31	19.82	45.12

Global Equity Funds

Scotia Global Dividend Fund

Fund details

Fund type	Global equity fund
Start date	Series A units: August 27, 2010 Series I units: August 27, 2010
Type of securities	Series A and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	CI Investments Inc. Toronto, Ontario

What does the fund invest in?

Investment objectives

This fund aims to achieve high total investment return. It invests primarily in equity securities of companies anywhere in the world that pay, or may be expected to pay, dividends as well as in other types of securities that may be expected to distribute income.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor identifies companies that have the potential for success in their industry and then considers the impact of economic trends.

The portfolio advisor uses techniques such as fundamental analysis to assess growth potential and valuation. This means evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the portfolio advisor:

- analyzes financial data and other information sources
- assesses the quality of management
- conducts company interviews, where possible.

When deciding to buy or sell an investment, the portfolio advisor considers whether the investment is a good value relative to its current price.

The portfolio advisor normally diversifies the fund's investments across different countries and regions, and this may vary from time to time, depending upon the portfolio advisor's view of specific investment opportunities and macro-economic factors.

The fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities. The portfolio advisor selects the quality and term of each investment according to market conditions.

The portfolio advisor may choose to use warrants and derivatives such as options, futures, forward contracts and swaps to gain exposure to individual securities and markets instead of buying the securities directly to hedge against losses from changes in the prices of the fund's investments and from exposure to foreign currencies. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

This fund also may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations, to earn additional income. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

In the event of adverse market, economic and/or political conditions, the portfolio advisor may invest this fund's assets in cash and cash equivalent securities. The portfolio advisor may engage in active or frequent trading of investments. This increases the possibility that an investor will receive taxable distributions. This can also increase trading costs, which lower the fund's returns.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk.

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

As at October 11, 2013, Scotia Selected Balanced Income & Growth Portfolio, Scotia Selected Income & Modest Growth Portfolio and Scotia Selected Moderate Growth Portfolio held approximately 36.8%, 18.4% and 13.6%, respectively, of the outstanding units of the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you want both dividend income and the potential for capital appreciation through companies from anywhere in the world
- you can accept to medium to high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each year and may pay distributions at other times during the year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 24.50	77.23	135.36	308.13
Series I units	\$ 0.51	1.62	2.83	6.45

Scotia Global Growth Fund

Fund details

Fund type	Global equity fund
Start date	Series A units: February 20, 1961 Series F units: November 30, 2000 Series I units: April 23, 2007
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	Baillie Gifford Overseas Limited Edinburgh, Scotland

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth. It invests primarily in a broad range of equity securities of companies around the world.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor uses fundamental analysis to identify investments that have the potential for above-average growth over the long term. This involves evaluating the financial condition and management of each company, as well as its industry and the economy. The fund's assets are diversified by industry and company to help reduce risk.

The fund may invest in other mutual funds which are managed by us, or one of our affiliates or associates, or by other mutual fund managers. For more information see *Investing in other mutual funds*.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's

returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

As at October 11, 2013, Scotia Selected Moderate Growth Portfolio and Scotia Selected Balanced Income & Growth Portfolio held approximately 28.3% and 26.6%, respectively, of the outstanding units of the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of companies around the world
- you can accept medium to high risk
- you're investing for the long term.

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 26.14	82.40	144.43	328.76
Series F units	\$ 11.69	36.84	64.57	146.97
Series I units	\$ 0.51	1.62	2.83	6.45

Scotia Global Small Cap Fund

Fund details

Fund type	Global small/mid cap equity fund
Start date	Series A units: December 17, 2000 Series F units: March 29, 2001 Series I units: April 23, 2007
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to achieve long-term capital growth. It invests primarily in equity securities of smaller companies located around the world.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund represents a more actively traded portfolio of equity securities chosen according to a growth investment approach. The portfolio advisor utilizes an approach that seeks to identify companies demonstrating the strongest earnings growth relative to the overall market and relatives to their peer group.

The portfolio advisor:

- may invest a majority of the fund's assets in equity securities of small and mid capitalization companies
- will select investments by identifying securities that are deemed to offer potential for growth above the securities of comparable companies in the same industry
- will assess the financial parameters of a company, its market share and role in its industry, as well as the economic state of its industry. Measures, such as earnings, price/earnings multiples and market share growth, may be used to evaluate investments
- may conduct management interviews with companies to determine the corporate strategy and business plan, as well as to evaluate management capabilities.

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, market indexes or currency

exchange rates and to gain exposure to financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk

- series risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

As at October 11, 2013, Scotia Selected Moderate Growth Portfolio and Scotia Selected Aggressive Growth Portfolio held approximately 75.1% and 19.9%, respectively, of the outstanding units of the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in equity securities of smaller global companies
- you can accept high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 28.60	90.15	158.02	359.70
Series I units	\$ 0.62	1.94	3.40	7.74

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Scotia Global Opportunities Fund

Fund details

Fund type	Global equity fund
Start date	Series A units: December 17, 2000 Series F units: May 16, 2001 Series I units: April 23, 2007
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The fund's objective is to achieve long-term capital growth. It invests primarily in a more concentrated portfolio of equity securities of companies located around the world.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund invests in a broad range of securities from around the world, including smaller capitalization companies. At times, the fund may invest the majority of its assets in equity securities of small capitalization companies.

The portfolio advisor utilizes investment analysis for the fund that follows a bottom-up approach, which emphasizes careful company specific analysis. Using a value investment approach, the fund invests in companies that represent good value on current stock price relative to the company's intrinsic value.

Techniques such as fundamental analysis may be used to assess growth and value potential. This means evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the portfolio advisor may:

- analyze financial data and other information sources
- assess the quality of management
- conduct company interviews, where possible

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to hedge against losses from changes in stock prices, commodity prices, market indexes or currency exchange rates and to gain exposure to

financial markets. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging market risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk

- series risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

As at October 11, 2013, Scotia Selected Moderate Growth Portfolio and Scotia Selected Aggressive Growth Portfolio held approximately 70.5% and 18.8%, respectively, of the outstanding units of the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of investing in a more concentrated portfolio of equity securities from around the world
- you can accept high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 29.21	92.09	161.42	367.43
Series I units	\$ 0.72	2.26	3.96	9.02

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Index Funds

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

Index funds provide market exposure by tracking the returns and characteristics of an index as closely as possible. The portfolio advisors may use a variety of strategies to achieve this objective, such as directly investing in equities and bonds in similar proportions as the index, or utilizing futures contracts to gain market exposure. As passive investments, the risk and return characteristics of index funds are limited to those of the indices they track. Bond index funds usually have less risk than equity index funds, while index funds that focus on a specific market index usually have more risk than broadly diversified index funds.

Scotia Canadian Bond Index Fund

Fund details

Fund type	Canadian fixed income fund
Start date	Series A units: November 8, 1999 Series F units: November 18, 2003 Series I units: June 20, 2005
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	State Street Global Advisors, Ltd. Montréal, Québec

What does the fund invest in?

Investment objectives

The fund's objective is to provide a high level of regular interest income and modest capital gains by tracking the performance of a generally recognized Canadian bond index, currently the DEX Universe Bond Index. It invests primarily in:

- bonds and treasury bills issued by Canadian federal, provincial and municipal governments and Canadian corporations
- money market instruments issued by Canadian corporations, including commercial paper and bankers' acceptances

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor aims to track the performance of the DEX Universe Bond Index as closely as possible by:

- investing in fixed income securities that have similar characteristics to the securities that are included in the DEX Universe Bond Index
- keeping the portfolio as fully invested as possible
- minimizing transaction costs

The portfolio advisor may use derivatives such as options, futures and swaps to adjust the fund's average term to maturity, to adjust credit risk, to gain exposure to income producing securities and to hedge against changes in interest rates. It will only use derivatives as permitted by securities regulations.

The fund will not invest any of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- asset-backed and mortgage-backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- fund-of-funds risk
- income trust risk
- index risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want a high level of regular interest income while tracking the performance of a major Canadian bond index
- you can accept low to medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 8.61	27.14	47.58	108.30
Series F units	\$ 7.18	22.62	39.65	90.25
Series I units	\$ 0.31	0.97	1.70	3.87

Scotia Canadian Index Fund

Fund details

Fund type	Canadian equity fund
Start date	Series A units: October 27, 1997 Series F units: October 13, 2003 Series I units: June 20, 2005
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	State Street Global Advisors, Ltd. Montréal, Québec

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth by tracking the performance of a generally recognized Canadian equity index, currently the S&P/TSX Composite Index.¹ It invests primarily in the stocks that are included in the index.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor aims to track the performance of the S&P/TSX Composite Index as closely as possible by:

- investing in the stocks that are included in the S&P/TSX Composite Index in substantially the same proportion as they're weighted in the Index
- keeping the portfolio as fully invested as possible
- minimizing transaction costs

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to gain exposure to the S&P/TSX Composite Index. It will only use derivatives as permitted by securities regulations.

The fund will not invest any of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse

repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- fund-of-funds risk
- income trust risk
- index risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

¹ The S&P/TSX Composite Index is published by the Toronto Stock Exchange and Standard & Poor's. Standard & Poor's, a division of the McGraw-Hill Companies Inc. and the Toronto Stock Exchange have no connection with Scotia Securities Inc. and have not passed upon the merits of investing in the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of Canadian equity securities while tracking the performance of a major market index
- you can accept medium risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 10.15	31.99	56.07	127.64
Series F units	\$ 7.38	23.27	40.78	92.83
Series I units	\$ 0.41	1.29	2.27	5.16

Scotia U.S. Index Fund

Fund details

Fund type	U.S. equity fund
Start date	Series A units: October 28, 1997 Series F units: November 30, 2006 Series I units: June 20, 2005
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	State Street Global Advisors, Ltd. Montréal, Québec

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth by tracking the performance of a generally recognized U.S. equity index, currently the Standard & Poor's 500 (S&P 500) Index.² It invests primarily in the stocks that are included in the index.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor aims to track the performance of the S&P 500 Index (Total Return) as closely as possible by:

- investing in the stocks that are included in the S&P 500 Index (Total Return) in substantially the same proportion as they're weighted in the Index
- keeping the portfolio as fully invested as possible
- minimizing transaction costs

The portfolio advisor may use derivatives such as options, futures, forward contracts and swaps to gain exposure to the S&P 500 Index. It will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's

returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- index risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

² The S&P 500 Index is published by Standard & Poor's, a division of the McGraw-Hill Companies Inc. Standard & Poor's has no connection with Scotia Securities Inc. and has not passed upon the merits of investing in the fund.

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you want the growth potential of U.S. equity securities while tracking the performance of a major market index
- you can accept medium to high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 11.79	37.16	65.13	148.26
Series I units	\$ 0.92	2.91	5.10	11.60

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Scotia CanAm Index Fund

Fund details

Fund type	U.S. equity fund
Start date	Series A units: July 9, 1993 Series F units: July 22, 2007
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	State Street Global Advisors, Ltd. Montréal, Québec

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth by tracking the performance of a generally recognized U.S. equity index. The fund currently tracks the Standard & Poor's 500 (S&P 500) Index.³ It invests primarily in futures contracts that are linked to the performance of the index and in cash, Government of Canada treasury bills and other short-term debt instruments guaranteed by the Government of Canada.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio advisor aims to track the performance of the S&P 500 Index as closely as possible by using futures contracts that are linked to the performance of the S&P 500 Index. It invests the balance of its assets in cash and money market instruments. The fund will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- index risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

³ The S&P 500 Index is published by Standard & Poor's, a division of the McGraw-Hill Companies Inc. Standard & Poor's has no connection with Scotia Securities Inc. and has not passed upon the merits of investing in the fund.

Who should invest in this fund?

This fund may be suitable for you if:

- you hold your units in a registered plan
- you want the growth potential of U.S. equity securities while tracking the performance of a major market index
- you can accept medium to high risk
- you're investing for the long term

This fund isn't suitable for non-registered accounts. The fund's distributions are primarily considered income, which is taxed at a higher rate than capital gains when received outside of a registered plan.

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes net any income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 11.79	37.16	65.13	148.26

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Scotia Nasdaq Index Fund

Fund details

Fund type	Science and technology equity fund
Start date	Series A units: December 17, 2000 Series F units: April 2, 2001
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	State Street Global Advisors, Ltd. Montréal, Québec

What does the fund invest in?

Investment objectives

The fund's objective is aggressive long-term capital growth by tracking the performance of the Nasdaq 100 Index.⁴ It invests primarily in derivatives that are linked to the performance of the Nasdaq 100 Index, and in cash and money market instruments.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund aims to track the performance of the Nasdaq 100 Index as closely as possible by using derivatives such as options, futures, forward contracts and swaps that are linked to the performance of the Nasdaq 100 Index.

The fund invests the balance of its assets in cash and money market instruments. This allows the fund to cover its positions in the derivatives. The fund will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- index risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you hold your units in a registered plan

⁴ The Nasdaq 100 Index is published by The Nasdaq Stock Market, Inc. The Nasdaq Stock Market, Inc. has no connection with the Manager and has not passed upon the merits of investing in the fund.

- you want the growth potential of investing in U.S. equity securities while tracking the performance of a major market index
- you can accept high risk
- you're investing for the long term

This fund isn't suitable for non-registered accounts. The fund's distributions are primarily considered income, which is taxed at a higher rate than capital gains when received outside of a registered plan.

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 12.30	38.78	67.97	154.71
Series F units	\$ 7.79	24.56	43.04	97.98

Scotia International Index Fund

Fund details

Fund type	International equity fund
Start date	Series A units: November 8, 1999 Series F units: May 1, 2007 Series I units: April 28, 2003
Type of securities	Series A, Series F and Series I units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario
Sub-advisor	State Street Global Advisors, Ltd. Montréal, Québec

What does the fund invest in?

Investment objectives

The fund's objective is long-term capital growth by tracking the performance of generally recognized indexes of established international stock markets. It invests primarily in futures contracts that are linked to the performance of the indexes, and in cash and money market instruments.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The fund currently tracks the performance of indexes of established stock markets in Europe, Australasia and the Far East. The portfolio advisor aims to track the performance of the indexes as closely as possible by using futures contracts that are linked to the performance of these indexes. It invests the balance of its assets in cash and money market instruments. This allows the fund to cover its positions in the futures contracts. The fund will only use derivatives as permitted by securities regulations.

The fund can invest up to 100% of its assets in foreign securities.

The fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve the fund's overall investment objectives and to enhance the fund's returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the fund limits the risks associated with them see *What are the risks? – Repurchase and reverse repurchase transaction risk*.

The fund and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The main risks of investing in this fund are:

- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- index risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

Who should invest in this fund?

This fund may be suitable for you if:

- you hold your units in a registered plan
- you want the growth potential of foreign equity securities while tracking the performance of major market indexes
- you can accept medium to high risk
- you're investing for the long term

This fund isn't suitable for non-registered accounts. The fund's distributions are primarily considered income, which is taxed at a higher rate than capital gains when received outside of a registered plan.

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The fund distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the fund's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 12.92	40.71	71.36	162.44
Series F units	\$ 8.82	27.79	48.71	110.87
Series I units	\$ 0.82	2.59	4.53	10.31

Scotia Portfolios

Scotia Selected Portfolios

Scotia Selected Income Portfolio

Scotia Selected Income & Modest Growth Portfolio *(to be renamed Scotia Selected Balanced Income Portfolio)*

Scotia Selected Balanced Income & Growth Portfolio *(to be renamed Scotia Selected Balanced Growth Portfolio)*

Scotia Selected Moderate Growth Portfolio *(to be renamed Scotia Selected Growth Portfolio)*

Scotia Selected Aggressive Growth Portfolio *(to be renamed Scotia Selected Maximum Growth Portfolio)*

Scotia Partners Portfolios

Scotia Partners Diversified Income Portfolio *(to be renamed Scotia Partners Income Portfolio)*

Scotia Partners Income & Modest Growth Portfolio *(to be renamed Scotia Partners Balanced Income Portfolio)*

Scotia Partners Balanced Income & Growth Portfolio *(to be renamed Scotia Partners Balanced Growth Portfolio)*

Scotia Partners Moderate Growth Portfolio *(to be renamed Scotia Partners Growth Portfolio)*

Scotia Partners Aggressive Growth Portfolio *(to be renamed Scotia Partners Maximum Growth Portfolio)*

As part of our suite of industry leading asset allocation offerings, Scotia Selected Portfolios and Scotia Partners Portfolios are a convenient and effective way to invest in other mutual funds and can help you reach the financial targets you've set.

Each portfolio invests its assets in up to two asset classes: fixed income and equities. Different allocations to these asset classes represent different investment goals, returns and exposure to risk.

Scotia Selected Income Portfolio

Fund details

Fund type	Canadian Fixed Income Balanced
Start date	Series A units: November 20, 2012
Type of securities	Series A units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is to achieve a combination of a steady flow of income with the potential for capital gains. It invests primarily in a diversified mix of equity and income mutual funds managed by us or by other mutual fund managers.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities. It will primarily invest in funds that invest in fixed income securities, equity securities of companies that pay dividends or are expected to pay dividends, and other securities that are expected to distribute income.

The table below outlines the target weighting for each asset class in which the Portfolio invests.

Asset Class	Target Weighting
Fixed Income	75%
Equities	25%

The underlying funds in which the portfolio invests may change from time to time, but the target weighting for each asset class will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 50% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of investing in this portfolio are:

- asset-backed and mortgage-backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risks
- foreign investment risk
- fund-of-funds risk
- income trust risk
- index risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 25.0% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I, up to 20.0% of the net assets of the portfolio were invested in CI Signature Corporate Bond Fund Class I, up to 15.0% of the net assets of the portfolio were invested in Scotia Bond Fund Series I, and up to 14.9% of the net assets of the portfolio were invested in CI Signature Diversified Yield II Fund Series I.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding with a bias towards income, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept low to medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

As Series A units have been offered for less than one year, expense information for the full year is not available.

Scotia Selected Income & Modest Growth Portfolio

(to be renamed Scotia Selected Balanced Income Portfolio)

Fund details

Fund type	Canadian fixed income balanced fund
Start date	Series A units: April 28, 2003 Series F units: April 28, 2003
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is to achieve a balance of current income and long term capital appreciation, with a bias towards income. It invests primarily in a diversified mix of equity and income mutual funds managed by us and by other mutual fund managers.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities.

The table below outlines the target weighting for each asset class in which the portfolio invests.

Asset Class	Target Weighting
Fixed Income	65%
Equities	35%

The underlying funds in which the portfolio invests may change from time to time, but the target weighting for each asset class will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 60% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- asset-backed and mortgage backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 24.3% of the net assets of the portfolio were invested in Scotia Bond Fund Series I, up to 19.4% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I, up to 11.8% of the net assets of the portfolio were invested in Scotia Mortgage Income Fund Series I.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding with a bias towards income, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept low to medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 19.68	62.04	108.74	247.53

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Scotia Selected Balanced Income & Growth Portfolio

(to be renamed Scotia Selected Balanced Growth Portfolio)

Fund details

Fund type	Global neutral balanced fund
Start date	Series A units: April 28, 2003 Series F units: June 5, 2008
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is to achieve a balance of current income and long term capital appreciation, with a small bias towards capital appreciation. It invests primarily in a diversified mix of equity and income mutual funds managed by us and by other mutual fund managers.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities.

The table below outlines the target weighting for each asset class in which the portfolio invests.

Asset Class	Target Weighting
Fixed Income	45%
Equities	55%

The underlying funds in which the portfolio invests may change from time to time, but the target weighting for each asset class will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 80% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- asset-backed and mortgage backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 15.8% of the net assets of the portfolio were invested in Scotia Bond Fund Series I, up to 11.5% of the net assets of the portfolio were invested in Scotia Canadian Dividend Fund Series I, up to 11.2% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I, up to 11.2% of the net assets of the portfolio were invested in Dynamic Aurion Total Return Bond Series O, and up to 10.4% of the net assets of the portfolio were invested in CI Cambridge Canadian Equity Corporate Class I.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the portfolio, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 21.22	66.89	117.24	266.87
Series F units	\$ 11.38	35.87	62.87	143.11

Scotia Selected Moderate Growth Portfolio

(to be renamed Scotia Selected Growth Portfolio)

Fund details

Fund type	Global equity balanced fund
Start date	Series A units: April 28, 2003 Series F units: April 28, 2003
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is to achieve a balance of current income and long term capital appreciation, with a bias towards capital appreciation. It invests primarily in a diversified mix of equity and income mutual funds managed by us and by other mutual fund managers.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities.

The table below outlines the target weighting for each asset class in which the portfolio invests.

Asset Class	Target Weighting
Fixed Income	25%
Equities	75%

The underlying funds in which the portfolio invests may change from time to time, but the target weighting for each asset class will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 100% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- asset-backed and mortgage backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 14.8% of the net assets of the portfolio were invested in Scotia Canadian Dividend Fund Series I, up to 13.7% of the net assets of the portfolio were invested in Scotia Global Growth Fund Series I.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding with a bias towards capital appreciation, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept medium risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the portfolio, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 22.86	72.06	126.30	287.50
Series F units	\$ 10.35	32.64	57.20	130.21

Scotia Selected Aggressive Growth Portfolio

(to be renamed Scotia Selected Maximum Growth Portfolio)

Fund details

Fund type	Global equity fund
Start date	Series A units: April 28, 2003 Series F units: April 28, 2003
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is long term capital appreciation. It invests primarily in a diversified mix of equity mutual funds, with additional stability derived from investments in income mutual funds, managed by us and by other mutual fund managers.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities.

The table below outlines the target weighting for each asset class in which the portfolio invests.

Asset Class	Target Weighting
Fixed Income	10%
Equities	90%

The underlying funds in which the portfolio invests may change from time to time, but the target weighting for each asset class will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 100% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- asset-backed and mortgage backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 18.4% of the net assets of the portfolio were invested in Scotia Global Growth Fund Series I, up to 17.7% of the net assets of the portfolio were invested in Scotia Canadian Dividend Fund Series I, and up to 11.2% of the net assets of the portfolio were invested in Dynamic Small Business Fund Series O.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding with an emphasis on capital appreciation, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept medium to high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the portfolio, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 25.22	79.49	139.33	317.15

No information is available for Series F units as this series was not operational at the end of the last completed financial year.

Scotia Partners Portfolios

Scotia Partners Diversified Income Portfolio

(to be renamed Scotia Partners Income Portfolio)

Fund details

Fund type	Global fixed income balanced fund
Start date	Series A units: August 27, 2010
Type of securities	Series A units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is to achieve a combination of a steady flow of income with the potential for capital gains. It invests primarily in a diversified mix of equity and income mutual funds managed by other mutual fund managers and by us.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities. It will primarily invest in funds that invest in fixed income securities, equity securities of companies that pay dividends or are expected to pay dividends, and other securities that are expected to distribute income.

The table below outlines the target weighting for each asset class in which the portfolio invests.

Asset Class	Target Weighting
Fixed Income	70%
Equities	30%

The underlying funds in which the portfolio invests may change from time to time, but the target weighting for each asset class will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 40% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- asset-backed and mortgage backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 21.0% of the net assets of the portfolio were invested in CI Signature Corporate Bond Fund Class I, up to 21.0% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I, up to 19.9% of the net assets of the portfolio were invested in Scotia Private Canadian Corporate Bond Pool Series I, up to 15.1% of the net assets of the portfolio were invested in Mackenzie Sentinel Global Bond Series O, up to 14.0% of the net assets of the portfolio were invested in PIMCO Monthly Income Fund (Canada) Class I, and up to 10.1% of the net assets of the portfolio were invested in Dynamic Equity Income Fund Series O.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding with a bias towards income, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept low to medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio intends to make a distribution by the last business day of each month, other than December. The final distribution will be made by the end of December. The distribution may consist of net income, net realized capital gains and/or return of capital. The amount of the distribution will change throughout the year as conditions change. If the amount distributed exceeds the net income and net realized capital gains of the fund for a year, the excess distribution will be a return of capital. A return of capital will reduce the adjusted cost base of your units.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the fund, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 21.01	66.24	116.11	264.29

Scotia Partners Income & Modest Growth Portfolio

(to be renamed Scotia Partners Balanced Income Portfolio)

Fund details

Fund type	Canadian fixed income balanced fund
Start date	Series A units: December 10, 2002 Series F units: February 10, 2002
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is to achieve a balance of current income and long term capital appreciation, with a bias towards income. It invests primarily in a diversified mix of equity and income mutual funds managed by other mutual fund managers and by us.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities.

The table below outlines the target weighting for each asset class in which the portfolio invests.

Asset Class	Target Weighting
Fixed Income	65%
Equities	35%

The underlying funds in which the portfolio invests may change from time to time, but the target weighting for each asset class will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 60% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- asset-backed and mortgage backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 38.8% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I, up to 14.1% of the net assets of the portfolio were invested in Mackenzie Sentinel Canadian Bond Fund Series O, up to 12.9% of the net assets of the portfolio were invested in Dynamic Canadian Bond Fund Series O, up to 10.2% of the net assets of the portfolio were invested in Scotia Canadian Dividend Fund Series I.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding with a bias towards income, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept low to medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the portfolio, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 21.63	68.18	119.51	272.03
Series F units	\$ 13.74	43.30	75.89	172.76

Scotia Partners Balanced Income & Growth Portfolio

(to be renamed Scotia Partners Balanced Growth Portfolio)

Fund details

Fund type	Global neutral balanced fund
Start date	Series A units: December 10, 2002 Series F units: December 10, 2002
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is to achieve a balance of current income and long term capital appreciation, with a small bias towards capital appreciation. It invests primarily in a diversified mix of equity and income mutual funds managed by other mutual fund managers and by us.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities.

The table below outlines the target weighting for each asset class in which the portfolio invests.

Asset Class	Target Weighting
Fixed Income	40%
Equities	60%

The underlying funds in which the portfolio invests may change from time to time but the target weighting for each asset will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 80% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- asset-backed and mortgage backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 17.3% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I, and up to 12.1% of the net assets of the portfolio were invested in Scotia Canadian Dividend Fund Series I.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept medium risk
- you're investing for the medium to long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the portfolio, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 23.27	73.35	128.57	292.66
Series F units	\$ 15.89	50.09	87.79	199.83

Scotia Partners Moderate Growth Portfolio

(to be renamed Scotia Partners Growth Portfolio)

Fund details

Fund type	Global equity balanced fund
Start date	Series A units: December 10, 2002 Series F units: December 10, 2002
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is to achieve a balance of current income and long term capital appreciation, with a bias towards capital appreciation. It invests primarily in a diversified mix of equity and income mutual funds managed by other mutual fund managers and by us.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities.

The table below outlines the target weighting for each asset class in which the portfolio invests.

Asset Class	Target Weighting
Fixed Income	25%
Equities	75%

The underlying funds in which the portfolio invests may change from time to time but the target weighting for each asset class will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 100% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- asset-backed and mortgage backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 13.8% of the net assets of the portfolio were invested in Scotia Canadian Income Fund Series I, up to 11.3% of the net assets of the portfolio were invested in Dynamic Value Fund of Canada Series O, and up to 11.1% of the net assets of the portfolio were invested in Scotia Canadian Dividend Fund Series I.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding with a bias towards capital appreciation, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept medium risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the portfolio, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 24.91	78.52	137.63	313.29
Series F units	\$ 17.22	54.29	95.15	216.59

Scotia Partners Aggressive Growth Portfolio

(to be renamed Scotia Partners Maximum Growth Portfolio)

Fund details

Fund type	Global equity fund
Start date	Series A units: December 10, 2002 Series F units: December 10, 2002
Type of securities	Series A and Series F units of a mutual fund trust
Eligible for registered plans?	Yes
Portfolio advisor	The Manager Toronto, Ontario

What does the fund invest in?

Investment objectives

The portfolio's objective is long term capital appreciation. It invests primarily in a diversified mix of equity mutual funds, with additional stability derived from investments in income mutual funds, managed by other mutual fund managers and by us.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unit-holders called for that purpose.

Investment strategies

The portfolio is an asset allocation fund that allocates your investment between two asset classes: fixed income and equities.

The table below outlines the target weighting for each asset class in which the portfolio invests.

Asset Class	Target Weighting
Fixed Income	10%
Equities	90%

The underlying funds in which the portfolio invests may change from time to time, but the target weighting for each asset class will not be more than 10% above or below the amounts set out above. For more information see *Investing in other mutual funds*.

Although up to 100% of the portfolio's assets may be invested in other mutual funds, the portfolio may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The portfolio can invest up to 100% of its assets in foreign securities.

The portfolio and an underlying fund managed by us may also engage in short selling on the conditions permitted by Canadian securities rules. In determining whether securities of a particular issuer should be sold short, the portfolio advisor utilizes the same analysis that is described above for deciding whether to purchase the securities. Where the analysis generally produces a favourable outlook, the issuer is a candidate for purchase. Where the analysis produces an unfavourable outlook, the issuer is a candidate for a short sale. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *What are the risks? – Short selling risk*.

What are the risks of investing in the fund?

The portfolio indirectly has the same risks as the underlying funds it holds. The portfolio takes on the risks of an underlying fund in proportion to its investment in that fund. The risks of the underlying funds include:

- asset-backed and mortgage backed securities risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- income trust risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- share class risk
- short selling risk
- small company risk
- U.S. withholding tax risk

You'll find details about each of these risks under *What is a mutual fund and what are the risks of investing in a mutual fund?*

During the 12 months preceding October 11, 2013, up to 16.1% of the net assets of the portfolio were invested in Dynamic Value Fund of Canada Series O, up to 11.3% of the net assets of the portfolio were invested in CI Cambridge Canadian Equity Corporate Class I, up to 11.3% of the net assets of the portfolio were invested in Dynamic Global Dividend Value Fund Series O, and up to 10.9% of the net assets of the portfolio were invested in Scotia Canadian Dividend Fund Series I.

Who should invest in this fund?

This portfolio may be suitable for you if:

- you want a core balanced holding with an emphasis on capital appreciation, which is well diversified by asset class, investment style, geography and market capitalization
- you can accept medium to high risk
- you're investing for the long term

Please see *Investment Risk Classification Methodology* for a description of how we determined the classification of this Fund's risk level.

Distribution policy

The portfolio distributes any net income and net realized capital gains by the end of December of each calendar year.

Distributions on units held in registered plans and non-registered accounts are reinvested in additional units of the portfolio, unless you tell your mutual fund representative that you want to receive cash distributions.

Fund expenses indirectly borne by investors

This example shows the portfolio's expenses on a \$1,000 investment with a 5% annual return.

Fees and expenses payable over	1 year	3 years	5 years	10 years
Series A units	\$ 27.16	85.63	150.09	341.65
Series F units	\$ 19.99	63.01	110.44	251.40

What is a mutual fund and what are the risks of investing in a mutual fund?

For many Canadians, mutual funds represent a simple and affordable way to meet their financial goals. But what exactly is a mutual fund, why invest in them, and what are the risks?

What is a mutual fund?

A mutual fund is an investment that pools your money with the money of many other people. Professional portfolio advisors use that money to buy securities that they believe will help achieve the fund's investment objectives. These securities could include stocks, bonds, mortgages, money market instruments, or a combination of these.

When you invest in a mutual fund, you receive units of the fund. Each unit represents a proportionate share of all of the mutual fund's assets. All of the investors in a mutual fund share in the fund's income, gains and losses. Investors also pay their share of the fund's expenses.

Why invest in mutual funds?

Mutual funds offer investors three key benefits: professional money management, diversification and accessibility.

- *Professional money management.* Professional portfolio advisors have the expertise to make the investment decisions. They also have access to up-to-the-minute information on trends in the financial markets, and in-depth data and research on potential investments.
- *Diversification.* Because your money is pooled with that of other investors, a mutual fund offers diversification into many securities that may not have otherwise been available to individual investors.
- *Accessibility.* Mutual funds have low investment minimums, making them accessible to nearly everyone.

No guarantees

While mutual funds have many benefits, it's important to remember that an investment in a mutual fund isn't guaranteed. Unlike bank accounts or guaranteed investment certificates (GICs), mutual fund units aren't covered by the Canada Deposit Insurance Corporation (CDIC) or any other government deposit insurer, and your investment in the funds is not guaranteed by Scotiabank.

Under exceptional circumstances, a mutual fund may suspend your right to sell your units. See *Suspending your right to buy, switch and sell units* for details.

What are the risks?

While everyone wants to make money when they invest, you could lose money, too. This is known as risk. Like other investments, mutual funds involve some level of risk. The value of a fund's securities can change from day to day for many reasons, including changes in the economy, interest rates, and market and company news. That means the value of mutual fund units can vary. When you sell your units in a fund, you could receive less money than you invested.

The amount of risk depends on the fund's investment objectives and the types of securities it invests in. A general rule of investing is that the higher the risk, the higher the potential for gains as well as losses. Cash equivalent funds usually offer the least risk because they invest in highly liquid, short-term investments such as treasury bills. Their potential returns are tied to short-term interest rates. Income funds invest in bonds and other fixed income investments. These funds typically have higher long-term returns than cash equivalent funds, but they carry more risk because their prices can change when interest rates change. Equity funds expose investors to the highest level of risk because they invest in equity securities, such as common shares, whose prices can rise and fall significantly in a short period of time.

Managing risk

While risk is an important factor to consider when you're choosing a mutual fund, you should also think about your investment goals and when you'll need your money. For example, if you're saving for a large purchase in the next year or so, you might consider investing in a fund with low risk. If you want your retirement savings to grow over the next 20 years, you can probably afford to put more of your money in equity funds.

A carefully chosen mix of investments can help reduce risk as you meet your investment goals. Your mutual fund representative can help you build a portfolio that's suited to your goals and risk comfort level.

If your investment goals or tolerance for risk changes, remember, you can and should change your investments to match your new situation.

Specific risks of mutual funds

The value of the investments a mutual fund holds can change for a number of reasons. You'll find the specific risks of investing in each of the funds in the individual fund descriptions starting on page 5. This section tells you more about each risk. **To the extent**

that a fund invests in underlying funds, it has the same risks as its underlying funds. Accordingly, any reference to a fund in this section is intended to also refer to any underlying funds that a fund may invest in.

Asset-backed and mortgage-backed securities risk

Asset-backed securities are debt obligations that are backed by pools of consumer or business loans. Mortgage-backed securities are debt obligations backed by pools of mortgages on commercial or residential real estate. To the extent that a fund invests in these securities, it will be sensitive to asset-backed and mortgage-backed securities risk. If there are changes in the market perception of the issuers of these types of securities, or in the creditworthiness of the parties involved, then the value of the securities may be affected. In the use of mortgage-backed securities, there is also a risk that there may be a drop in the interest rates charged on mortgages, a mortgagor may default on its obligations under a mortgage or there may be a drop in the value of the property secured by the mortgage.

Commodity risk

Some funds may invest directly or indirectly in gold or in companies engaged in the energy or natural resource industries. The market value of such a mutual fund's investments may be affected by adverse movements in commodity prices. When commodity prices decline, this generally has a negative impact on the earnings of companies whose business is based in commodities, such as oil and gas.

Credit risk

A fixed income security, such as a bond, is a promise to pay interest and repay the principal on the maturity date. There's always a risk that the issuer will fail to honour that promise. This is called credit risk. To the extent that a fund invests in fixed income securities, it will be sensitive to credit risk. Credit risk is lowest among issuers that have a high credit rating from a credit rating agency. It's highest among issuers that have a low credit rating or no credit rating. Issuers with a low credit rating usually offer higher interest rates to make up for the higher risk. The bonds of issuers with poor credit ratings generally have yields that are higher than bonds of issuers with superior credit ratings. Bonds of issuers that have poor credit ratings tend to be more volatile as there is a greater likelihood of bankruptcy or default. Credit ratings may change over time. Please see *Foreign investment risk* in the case of investments in foreign government debt.

Currency risk

When a mutual fund buys an investment that's denominated in a foreign currency, changes in the exchange rate between that

currency and the Canadian dollar will affect the value of the fund. When a mutual fund calculates its net asset value in U.S. dollars, changes in the exchange rate between U.S. dollars and an investment denominated in a currency other than U.S. dollars will affect the value of the fund.

Derivatives risk

To the extent that a fund uses derivatives, it will be sensitive to derivatives risk. Derivatives can be useful for hedging against losses, gaining exposure to financial markets and making indirect investments, but they involve certain risks:

- Hedging with derivatives may not achieve the intended result. Hedging instruments rely on historical or anticipated correlations to predict the impact of certain events, which may or may not occur. If they occur, they may not have the predicted effect.
- It's difficult to hedge against trends that the market has already anticipated.
- Costs relating to entering and maintaining derivatives contracts may reduce the returns of a fund.
- A currency hedge will reduce the benefits of gains if the hedged currency increases in value.
- Currency hedging can be difficult in smaller emerging growth countries because of the limited size of those markets.
- Currency hedging provides no protection against changes in the value of the underlying securities.
- There's no guarantee that a liquid exchange or market for derivatives will exist. This could prevent a fund closing out its positions to realize gains or limit losses. At worst, a fund might face losses from having to exercise underlying futures contracts.
- The prices of derivatives can be distorted if trading in their underlying stocks is halted. Trading in the derivative might be interrupted if trading is halted in a large number of the underlying stocks. This would make it difficult for a fund to close out its positions.
- The counterparty in a derivatives contract might not be able to meet its obligations. When using derivatives, a mutual fund relies on the ability of the counterparty to the transaction to perform its obligations. In the event that a counterparty fails to complete its obligations, the mutual fund may bear the risk of loss of the amount expected to be received under options, forward contracts or other transactions in the event of the default or bankruptcy of a counterparty.
- Derivatives trading on foreign markets may take longer and be more difficult to complete. Foreign derivatives are subject to the foreign investment risks described below. Please see *foreign investment risk*.

- Investment dealers and futures brokers may hold a fund's assets on deposit as collateral in a derivative contract. As a result, someone other than the fund's custodian is responsible for the safekeeping of that part of the fund's assets.
- The regulation of derivatives is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any future regulatory changes may make it more difficult, or impossible, for a fund to use certain derivatives.

Emerging markets risk

Some mutual funds may invest in foreign companies or governments (other than the U.S.) which may be located in, or operate, in developing countries. Companies in these markets may have limited product lines, markets or resources, making it difficult to measure the value of the company. Political instability, possible corruption, as well as lower standards of business regulation increase the risk of fraud and other legal issues. In addition to foreign investment risk described below, these mutual funds may be exposed to greater volatility as a result of such issues.

Equity risk

Funds that invest in equities, such as common shares, are affected by changes in the general economy and financial markets, as well as by the success or failure of the companies that issued the securities. When stock markets rise, the value of equity securities tends to rise. When stock markets fall, the value of equity securities tends to fall. Convertible securities may also be subject to interest rate risk.

Foreign investment risk

Investments issued by foreign companies or governments other than the U.S. can be riskier than investments in Canada and the U.S.

Foreign countries can be affected by political, social, legal or diplomatic developments, including the imposition of currency and exchange controls. Some foreign markets can be less liquid, are less regulated, and are subject to different reporting practices and disclosure requirements than issuers in North American markets. It may be more difficult to enforce a fund's legal rights in jurisdictions outside of Canada. In general, securities issued in more developed markets, such as Western Europe, have lower foreign investment risk. Securities issued in emerging or developing markets, such as Southeast Asia or Latin America, have significant foreign investment risk and are exposed to the emerging markets risks described above.

Fund-of-funds risk

If a mutual fund invests in an underlying fund, the risks associated with investing in that mutual fund include the risks associated with the securities in which the underlying fund invests, along with the other risks of the underlying fund. Accordingly, a mutual fund takes on the risk of an underlying fund and its respective securities in proportion to its investment in that underlying fund. If an underlying fund suspends redemptions, the fund that invests in the underlying fund may be unable to value part of its portfolio and may be unable to process redemption orders.

Income trust risk

An income trust, including a REIT, generally holds debt and/or equity securities of an underlying active business or is entitled to receive a royalty on revenues generated by such business. Distributions and returns on income trusts are neither fixed nor guaranteed. The trusts are subject to the risks of the particular type of underlying business, including supply contracts, the cancellation by a major customer of its contract or significant litigation.

The governing law of the income trust may not limit, or may not fully limit, the liability of unitholders of the trust for claims against the income trust. In such cases, to the extent that claims, whether in contract, in tort or as a result of tax or statutory liability against a trust are not satisfied by the trust, holders of units in the trusts, including a fund, could be held liable for such obligations. Income trusts generally seek to make this risk remote in the case of contract by including provisions in their agreements that the obligations of the income trust will not be binding on unitholders personally. However, the income trust would still have exposure to damage claims not arising from contract, such as personal injury and environmental claims.

As the income tax treatment in Canada of certain publicly traded trusts (other than certain REITs) has changed, many trusts have converted or may convert to corporations, which has had, and may continue to have, an effect on the trading price of such trusts.

Index risk

Some mutual funds have an investment objective that requires them to duplicate the investment portfolio of a particular index. Depending on market conditions, one or more of the securities listed in that index may account for more than 10% of the net assets of the mutual fund. As an index mutual fund and the index it tracks become less diversified, the index mutual fund is exposed to greater concentration and liquidity risk and may become more volatile.

Interest rate risk

Mutual funds that invest in fixed income securities, such as bonds, mortgages and money market instruments, are sensitive to changes in interest rates. In general, when interest rates are rising, the value of these investments tends to fall. When rates are falling, fixed income securities tend to increase in value. Fixed income securities with longer terms to maturity are generally more sensitive to changes in interest rates. Certain types of fixed income securities permit issuers to repay principal before the security's maturity date. There is a risk that an issuer will exercise this prepayment right after interest rates have fallen and the funds that hold these fixed income securities will receive payments of principal before the expected maturity date of the security and may need to reinvest these proceeds in securities that have lower interest rates.

Issuer-specific risk

The market value of an individual issuer's securities can be more volatile than the market as a whole. As a result, if a single issuer's securities represent a significant portion of the market value of a fund's assets, changes in the market value of that issuer's securities may cause greater fluctuation in the fund's unit value than would normally be the case. A less-diversified fund may also suffer from reduced liquidity if a significant portion of its assets is invested in any one issuer. In particular, the fund may not be able to easily liquidate its position in the issuers as required to fund redemption requests.

Generally, mutual funds are not permitted to invest more than 10% of their assets in any one issuer. This restriction does not apply to investments in debt securities issued or guaranteed by the Canadian or U.S. government, securities issued by a clearing corporation, securities issued by mutual funds that are subject to the requirements of National Instrument 81-102 – *Mutual Funds* and National Instrument 81-101- *Mutual Fund Prospectus Disclosure*, or index participation units issued by a mutual fund.

Liquidity risk

Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. If a fund can't sell an investment quickly, it may lose money or make a lower profit, especially if it has to meet a large number of redemption requests. In general, investments in smaller companies, smaller markets or certain sectors of the economy tend to be less liquid than other types of investments. The less liquid an investment, the more its value tends to fluctuate.

Repurchase and reverse repurchase transaction risk

Some mutual funds may enter into repurchase or reverse repurchase agreements to generate additional income. When a

mutual fund agrees to sell a security at one price and buy it back on a specified later date from the same party with the expectation of a profit, it is entering into a repurchase agreement. When a mutual fund agrees to buy a security at one price and sell it back on a specified later date to the same party with the expectation of a profit, it is entering into a reverse repurchase agreement. Mutual funds engaging in repurchase and reverse repurchase transactions are exposed to the risk that the other party to the transaction may become insolvent and unable to complete the transaction. In those circumstances, there is a risk that the value of the securities bought may drop or the value of the securities sold may rise between the time the other party becomes insolvent and the time the fund recovers its investment. Mutual funds that engage in these transactions reduce this risk by holding, as collateral, enough of the other party's cash or securities to cover that party's repurchase or reverse repurchase obligations. To limit the risks associated with repurchase and reverse repurchase transactions, the collateral held in respect of the repurchase or reverse repurchase obligations must be marked to market on each business day and be fully collateralized at all times with acceptable collateral which has a value at least equal to 102% of the securities sold or cash paid for the securities by the mutual fund. Prior to entering into a repurchase agreement, a mutual fund must ensure that the aggregate value of the securities of a mutual fund that have been sold pursuant to repurchase transactions, together with any securities loaned, does not exceed 50% of its total asset value at the time that the mutual fund enters into the transaction.

Securities lending risk

Some mutual funds may enter into securities lending transactions to generate additional income from securities held in a mutual fund's portfolio. A mutual fund may lend securities held in its portfolio to qualified borrowers who provide adequate collateral. In lending its securities, a mutual fund is exposed to the risk that the borrower may not be able to satisfy its obligations under the securities lending agreement and the lending mutual fund is forced to take possession of the collateral held. Losses could result if the collateral held by the mutual fund is insufficient, at the time the remedy is exercised, to replace the securities borrowed. Mutual funds must receive collateral worth no less than 102% of the value of the loaned securities and borrowers must adjust that collateral daily to ensure this level is maintained. Prior to entering into a securities lending agreement, a mutual fund must ensure that the aggregate value of the securities loaned together with those that have been sold pursuant to repurchase transactions, does not exceed 50% of its total asset value.

Series risk

Some mutual funds offer two or more series of units of the same fund. Although the value of each series is calculated separately, there's a risk that the expenses or liabilities of one series of units may affect the value of the other series. If one series is unable to cover its liabilities, the other series are legally responsible for covering the difference. We believe that this risk is very low.

Share class risk

Most mutual funds are mutual fund trusts. In certain circumstances, mutual funds may choose to invest in mutual fund corporations. Many mutual fund corporations have established separate classes of shares. In many cases each class of shares represents a separate portfolio of securities which is managed under distinct investment objectives which are not shared with other classes of shares of the mutual fund corporation. The liabilities attributed to each class of shares of a mutual fund corporation are liabilities of the corporation as a whole. If the assets attributed to one class of shares of a mutual fund corporation are insufficient, assets attributed to other classes of shares may have to be used to cover these debts. Although the portfolios are different, and the value of each class of shares is calculated separately, there is a risk that the expenses or liabilities of one class of shares may affect the value of the other classes.

Short selling risk

Certain mutual funds may engage in a limited amount of short selling. A "short sale" is where a mutual fund borrows 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 mutual fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the mutual fund pays interest to the lender. If the value of the securities declines between the time that the mutual fund borrows the securities and the time it repurchases and returns the securities, the mutual fund makes a profit for the difference (less any interest the mutual fund is required to pay to the lender). Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the interest paid by the mutual fund and make a profit for the mutual fund, and securities sold short may instead appreciate in value. The mutual fund also may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom the mutual fund has borrowed securities may go bankrupt and the mutual fund may lose the collateral it has deposited with the lender. Each mutual fund that engages in short selling will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure

for short sales. The mutual funds also will deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

Significant unitholder risk

Securities of mutual funds may be purchased and sold by large investors, including top funds. If a large investor redeems a portion or all of its investment from an underlying fund, that underlying fund may have to incur capital gains and other transaction costs in the process of making the redemption. In addition, some securities may have to be sold at unfavourable prices, thus reducing the underlying fund's potential return. Conversely, if a large investor were to increase its investment in an underlying fund, that underlying fund may have to hold a relatively large position in cash for a period of time until the portfolio adviser finds suitable investments, which could also negatively impact the performance of the underlying fund. Since the performance of the underlying fund may be negatively impacted, so may the investment return of any remaining investors in the underlying fund, including other top funds which may still be invested in the underlying fund.

Small company risk

The prices of shares issued by smaller companies tend to fluctuate more than those of larger corporations. Smaller companies may not have established markets for their products and may not have solid financing. These companies generally issue fewer shares, which increases their liquidity risk.

U.S. withholding tax risk

Generally, the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (or "FATCA") impose a 30% withholding tax on "withholdable payments" made to a mutual fund, unless the mutual fund enters into a FATCA agreement with the U.S. Internal Revenue Service (the "IRS") (or is subject to an IGA as described below) to comply with certain information reporting and other requirements. Compliance with FATCA will require a mutual fund to request and obtain certain information from its investors and (where applicable) their beneficial owners (including information regarding their identity, residency and citizenship) and to disclose such information and documentation to the IRS.

Withholdable payments include (i) certain U.S. source income (such as interest, dividends and other passive income) and (ii) gross proceeds from the sale or disposition of property that can produce U.S. source interest or dividends. The withholding tax applies to withholdable payments made on or after July 1, 2014 (or January 1, 2017 in the case of gross proceeds). The 30% withholding tax may also apply to any "foreign passthru

payments” paid by a mutual fund to certain investors on or after January 1, 2017. The scope of foreign passthru payments will be determined under the U.S. Treasury regulations that have yet to be issued. Moreover, the foregoing rules and requirements may be modified by an intergovernmental agreement between Canada and the U.S. (the “Canada-U.S. IGA”), future U.S. Treasury regulations, or other guidance. Under the Canada-U.S. IGA, it is anticipated that a mutual fund will not have to enter into an individual agreement with the IRS but will have to comply with the terms of the Canada-U.S. IGA including registration requirements with the IRS and requirements to identify, and report certain information on accounts held by U.S. persons owning, directly or indirectly, an interest in the mutual fund, or report on accounts held by certain other persons or entities. Because the Canada-U.S. IGA has not yet been finalized, it is not possible to determine presently (i) whether the mutual fund will be able to comply and (ii) what impact, if any, the Canada-U.S. IGA will have on its investors. If a mutual fund is unable to comply with these requirements, the imposition of the 30% U.S. withholding tax may affect the net asset value of the mutual fund and may result in reduced investment returns to investors. It is possible that the administrative costs arising from compliance with FATCA and/or the Canada-U.S. IGA and future guidance may also cause an increase in the operating expenses of the mutual funds.

Organization and management of the funds

Manager 1832 Asset Management L.P. Scotia Plaza 52nd Floor 40 King Street West Toronto, Ontario M5H 1H1	As manager, we are responsible for the overall business and operation of the funds. This includes: <ul style="list-style-type: none"> • arranging for portfolio advisory services • providing or arranging for administrative services. 1832 Asset Management L.P. is wholly-owned by The Bank of Nova Scotia. Effective September 30, 2013, Scotia Asset Management L.P. changed its name to 1832 Asset Management L.P.
Trustee 1832 Asset Management L.P. Toronto, Ontario	As trustee, we control and have authority over each fund's investments in trust for unitholders under the terms described in the master declaration of trust.
Principal distributor Scotia Securities Inc. Toronto, Ontario	Scotia Securities Inc. is the principal distributor of the Series A units, Premium Series units and Series F units offered under this simplified prospectus. As principal distributor, Scotia Securities Inc. markets and sells the Series A units, Premium Series units and Series F units of the ScotiaFunds where they qualify for sale in Canada. We, or Scotia Securities Inc., may hire participating dealers to assist in the sale of the funds. There is no principal distributor of the Series I units of the funds offered under this simplified prospectus.
Custodian The Bank of Nova Scotia Toronto, Ontario	The custodian holds the investments of the funds and keeps them safe to ensure that they are used only for the benefit of investors. The Bank of Nova Scotia is the parent company of 1832 Asset Management L.P.
Registrar 1832 Asset Management L.P. Toronto, Ontario	As registrar, we make arrangements to keep a record of all unitholders of the funds, process orders and issue tax slips to unitholders.
Auditors PricewaterhouseCoopers LLP Toronto, Ontario	The auditor is an independent firm of chartered accountants. The firm audits the annual financial statements of the funds and provides an opinion as to whether they are fairly presented in accordance with Canadian generally accepted accounting principles.
Portfolio advisor 1832 Asset Management L.P. Toronto, Ontario	The portfolio advisor provides investment advice and makes the investment decisions for the funds. You will find the portfolio advisor for each fund in the fund descriptions starting at page 5. 1832 Asset Management L.P. is wholly-owned by The Bank of Nova Scotia.
Portfolio sub-advisors Baillie Gifford Overseas Limited Edinburgh, Scotland CI Investments, Inc. Toronto, Ontario Connor, Clark & Lunn Investment Management Ltd. Vancouver, British Columbia Hermes Sourcecap Limited London, England State Street Global Advisors, Ltd. Montréal, Québec Scotia Inverlat Casa de Bolsa, S.A. De C.V., Grupo Financiero Scotiabank Inverlat Mexico City, Mexico	We have authority to retain portfolio sub-advisors. The sub-advisor provides investment advice and makes the investment decisions for certain of the funds. You'll find the portfolio advisor for each fund in the fund descriptions starting on page 5. Baillie Gifford Overseas Limited is independent of the Manager The Bank of Nova Scotia, the parent of the Manager, is also an influential securityholder of CI Financial Corp. CI Investments Inc. is wholly-owned by CI Financial Corp. Connor, Clark & Lunn Investment Management Ltd. is independent of the Manager Hermes Sourcecap Limited is independent of the Manager State Street Global Advisors, Ltd. is independent of the Manager Scotia Inverlat Casa de Bolsa, S.A. De C.V., Grupo Financiero Scotiabank Inverlat is wholly-owned, directly and indirectly, by The Bank of Nova Scotia.

Baillie Gifford Overseas Limited, Hermes Sourcecap Limited, Scotia Inverlat Casa de Bolsa, S.A. De C.V., Grupo Financiero Scotiabank Inverlat and Thornburg Investment Management, Inc. are registered in the category of portfolio manager in Ontario or rely on the "international advisor" exemption from registration. Scotia Inverlat Casa de Bolsa, S.A. De C.V., Grupo Financiero Scotiabank Inverlat is relying on the exemption from the registration requirement in OSC Rule 35-502 – Non-Resident Advisors ("Rule 35-502") and we are responsible to you for any loss that arises out of the sub-advisor's failure to meet its standard of care as described under Rule 35-502. All of these portfolio advisors are located outside of Canada and all or a substantial portion of their assets may be situated outside of Canada, which may make it difficult for investors to enforce their legal rights against these portfolio advisors. The name and address of the agent for service of process for each of these portfolio advisors is available upon request.

Independent Review Committee

In accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107"), we, as manager of the ScotiaFunds, have established an Independent Review Committee ("IRC"), with a mandate to review, and provide input on, our policies and procedures dealing with conflicts of interest in respect of the funds, and to review conflict of interest matters that we present to the IRC. The IRC currently has six members, each of whom is independent of the manager and any party related to the manager. The IRC will prepare, at least annually, a report of its activities for unitholders. This report will be available on or before March 31st of each year, at no charge, on the Internet at www.scotiabank.com, or by requesting a copy by e-mail at fundinfo@scotiabank.com. Additional information about the IRC, including the names of its members, is available in the funds' annual information form.

In certain circumstances, your approval may not be required under securities legislation to effect a fund merger or a change in the auditor of a fund. Where the IRC is permitted under securities legislation to approve a fund merger in place of the unitholders, you will receive at least 60 days written notice before the date of the merger. For a change in the auditor of a fund, your approval will not be obtained, but you will receive at least 60 days written notice before the change takes effect.

Funds that invest in underlying funds that are managed by us or our associates or affiliates will not vote any of the securities of those underlying funds. However, we may arrange for you to vote your share of those securities.

The funds have received an exemption from the Canadian Securities Administrators allowing them to purchase equity securities of a Canadian reporting issuer during the period of distribution of the securities and for the 60-day period following the period of distribution (the "Prohibition Period") pursuant to a private placement notwithstanding that an affiliate or associate of the Manager, such as Scotia Capital Inc., acts as an underwriter or agent in the offering of equity securities. Any such purchase must be consistent with the investment objective of the particular fund. Further, the Independent Review Committee of the funds must approve the investment in accordance with the approval requirements of NI 81-107 and such purchase can only be carried out if it is in compliance with certain other conditions.

In addition to the above exemptive relief, the funds may from time to time be granted exemptions from NI 81-102 to permit them to invest during the Prohibition Period in securities of an issuer, in which an affiliate or associate of the Manager, such as Scotia Capital Inc., acts as an underwriter or agent in the issuer's distribution of securities of the same class, where the funds are not able to do so in accordance with NI 81-107 or the exemptive relief described above.

The funds have received an exemption from the Canadian Securities Administrators to permit the funds, 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 IRC approves of the investment and the purchase is carried out in compliance with certain other conditions.

Purchases, switches and redemptions

Series A, Series F, Series I and Premium Series units of the ScotiaFunds are no-load. That means you don't pay a sales commission when you buy, switch or sell these units through us or our affiliates. Selling your units is also known as redeeming.

How to place orders

You can open an account and buy, switch or sell the ScotiaFunds:

- by calling or visiting any Scotiabank branch;
- by calling or visiting an office of ScotiaMcLeod, or visiting online (and/or by calling) Scotia iTRADE; or
- through Scotia OnLine at www.scotiabank.com, once you've signed up for this service. You may not redeem ScotiaFunds through Scotia OnLine – redemptions must be placed through a Scotiabank branch, either in person, by email, by fax or by telephone.

You can also open an account and place orders through other registered brokers or dealers. They may charge you a sales commission or other fee. Brokers and dealers must send orders to us on the same day that they receive completed orders from investors.

All transactions are based on the price of a fund's units – or its net asset value per unit (NAVPU). All orders are processed using the next NAVPU calculated after the fund receives the order.

How we calculate net asset value per unit

We usually calculate the NAVPU of each series of each fund following the close of trading on the Toronto Stock Exchange (the TSX) on each day that the TSX is open for trading. In unusual circumstances, we may suspend the calculation of the NAVPU.

The NAVPU of each series of a fund is the current market value of the proportionate share of the assets allocated to the series, less the liabilities of the series and the proportionate share of the common expenses allocated to the series, divided by the total number of outstanding units in that series. Securities which trade on a public stock exchange are usually valued at their closing price on that exchange. However, if the price is not a true reflection of the value of the security, we will use another method to determine its value. This method is called fair value pricing and it will be used when a security's value is affected by events which occur after the closing of the market where the security is principally traded. Fair value pricing may also be used in other circumstances.

All of the funds are valued in Canadian dollars, except for Scotia U.S. \$ Money Market Fund, Scotia U.S. \$ Bond Fund and Scotia U.S. \$ Balanced Fund. These funds are valued in U.S. dollars.

About the series of units

The funds offered under this simplified prospectus are available in Series A units, Series F units, Premium Series units and Series I units only. The series have different fees and are intended for different investors:

- Series A units are available to all investors. All the funds offered for sale under this simplified prospectus offer Series A units.
- Series F units are generally only available to investors who have fee-based accounts with authorized brokers and dealers. We, in conjunction with your broker or dealer, are responsible for deciding whether you're eligible for Series F units. We may make Series F units available to other investors from time to time. If you're no longer eligible to hold your Series F units, we may change your units to Series A units or sell them.
- Series I units are only available to eligible institutional investors and other qualified investors. No management fees are charged on Series I units. Instead, Series I investors negotiate a separate fee that is paid directly to us.
- Premium Series units are only available to investors who make the required minimum investment, as determined by us from time to time. The principal difference between Series A units and Premium Series units relate to the minimum investment required to invest in each series.

How to buy the funds

Minimum investments

The minimum amounts for the initial and each additional investment in Series A and Premium Series units of a fund are shown in the table below. See *Pre-Authorized Contributions* for more details. For Series F units of a fund (except 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. For Series I units of a fund, the minimum initial investment is generally \$1,000,000. We may change the minimum amounts for initial and subsequent investments in a fund at any time, from time to time, and on a case by case basis, subject to applicable securities legislation. If you buy, sell or switch units through non-affiliated dealers you may be subject to higher minimum initial or additional investment amounts.

Fund	Minimum initial investment		
	All accounts except ican Invest® Program¹ accounts		
	All Scotia registered plans, except Scotia RRIFs	Scotia RRIFs	Minimum additional investment (including Pre-Authorized Contributions²)
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 Money Market Fund (Series A)			
Scotia U.S. \$ Money Market Fund³	\$ 2,000	\$ 10,000	\$ 50
Scotia Money Market Fund (Premium Series)⁴			
Scotia Premium T-Bill Fund⁴	\$100,000	\$250,000	\$500
Scotia Global Growth Fund	\$ 100	\$ 5,000	\$ 25
Scotia U.S. \$ Bond Fund³			
Scotia U.S. \$ Balanced Fund³	\$ 500	\$ 5,000	\$ 50
All other funds	\$ 500	\$ 5,000	\$ 50
Scotia Partners Portfolios	\$ 10,000	\$ 10,000	\$ 50
Scotia Selected Portfolios	\$ 2,500	\$ 2,500	\$ 50

¹ The minimum initial investment for Scotia Diversified Monthly Income Fund, Scotia Canadian Balanced Fund, Scotia Global Growth Fund and Scotia Canadian Tactical Asset Allocation Fund is waived when these funds are purchased through the ican Invest Program offered through Scotiabank. See The *ican Invest Program* for details.

² 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.

³ Your investment in this fund must be made in U.S. dollars. If you tender Canadian dollars, it will first be converted to U.S. dollars.

⁴ We have the right, without notice to you, to change your Premium Series units into Series A units of Scotia Money Market Fund and to switch your units of Scotia Premium T-Bill Fund for units of Scotia 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 amount 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.

We can redeem your units if the value of your investment in any fund drops below the minimum initial investment.

More about buying

- We can reject all or part of your order within one business day of the fund receiving it. If we reject your order, we'll immediately return any money received, without interest.

- We may reject your order if you've made several purchases and sales of a fund within a short period of time, usually 31 days. See *Short-term trading* for details.
- You have to pay for your units when you buy them. If we don't receive payment for your purchase within three business days after the purchase price is determined, we'll sell your units on the next business day. If the proceeds from the sale are more than the cost of buying the units, the fund will keep the difference. If the proceeds are less than the cost of buying the units, we must pay the shortfall. We may collect the shortfall and any related costs from the dealer or broker who placed the order, or from you, if you placed the order directly with us.
- You must use U.S. dollars to buy Scotia U.S. \$ Money Market Fund, Scotia U.S. \$ Bond Fund and Scotia U.S. \$ Balanced Fund.
- Your broker, dealer or we will send you a confirmation of your purchase once your order is processed. If you buy units through pre-authorized contributions, you will receive a confirmation only for the initial investment and when you change the amount of your regular investment.

How to switch funds

You can switch units of any series you purchased of a ScotiaFunds trust fund for units of the same or a different series of another ScotiaFunds trust fund, as long as you're eligible to hold the particular series of the ScotiaFund into which you switch. You can also at any time switch units of any series you purchased of a ScotiaFunds trust fund for shares of the same or a different series of a ScotiaFunds corporate fund, as long as you're eligible to hold the particular series of the ScotiaFund into which you switch. These types of switches will be considered a disposition for tax purposes and accordingly, you may realize a capital gain or loss. The tax consequences are discussed in "Income Tax Considerations for Investors" in this document.

When we receive your order, we'll sell units of the first fund and then use the proceeds to buy units or shares of the second fund. If you switch units within 31 days of buying them, you may have to pay a short term trading fee. See *Short term trading* for details.

More about switching

- The rules for buying and selling units also apply to switches.
- You can switch between funds valued in the same currency.
- If you hold your units in a non-registered account, you are likely to realize a capital gain or loss. Capital gains are taxable.
- Your broker, dealer or we will send you a confirmation once your order is processed.

How to reclassify your units

You can reclassify your units of one series to another series of units of the same fund, as long as you're eligible to hold that series. If you reclassify units of one series to another series, the value of your investment won't change (except for any fees you pay to reclassify your units), but the number of units you hold will change. This is because each series has a different unit value. Your dealer may charge you a fee to reclassify your units. In general, reclassifying units from one series to another series of the same fund is not a disposition for tax purposes.

More about reclassifying your units

- If you reclassify Series A units, Series F units, Premium series units or Series I units of a fund to Advisor Series units, you can choose the front-end sales charge option, the deferred sales charge option or the low load sales charge option. If you choose the deferred sales charge option or the low load sales charge option, your new units will be subject to the applicable sales charge if you redeem them within the period of time that a deferred sales charge or low load sales charge would apply.

How to sell your units

In general, your instructions to sell must be in writing, and your bank, trust company, broker or dealer must guarantee your signature. We may also require other proof of signing authority.

We'll send your payment to your broker or dealer within three business days of receiving your properly completed order. If you sell units within 31 days of buying them, you may have to pay a short-term trading fee. See *Short-term trading* for details.

You can also sell units on a regular basis by setting up an automatic withdrawal plan. See *Optional services* for details.

More about selling

- You must provide all required documents within 10 business days of the day the redemption price is determined. If you don't, we'll buy back the units as of the close of business on the 10th business day. If the cost of buying the units is less than the sale proceeds, the fund will keep the difference. If the cost of buying the units is more than the sale proceeds, we must pay the shortfall. We can collect the shortfall and any related costs from the broker or dealer who placed the order, or from you, if you placed the order directly with us.
- Sell orders placed for a corporation, trust, partnership, agent, fiduciary, surviving joint owner or estate must be accompanied by the required documents with proof of signing authority. The sell order will be effective only when the fund receives all required documents, properly completed.

- If you hold units of Scotia U.S. \$ Money Market Fund, Scotia U.S. \$ Bond Fund or Scotia U.S. \$ Balanced Fund, we'll send you the sale proceeds in U.S. dollars.
- If you hold your units in a non-registered account, you will experience a taxable disposition which for most unitholders is expected to result in a capital gain or loss.
- Your broker, dealer or we will send you a confirmation once your order is processed. If you sell units through the automatic withdrawal plan, you will receive a confirmation only for the first withdrawal.

Suspending your right to buy, switch and sell units

Securities regulations allow us to temporarily suspend your right to sell your fund units and postpone payment of your sale proceeds:

- during any period when normal trading is suspended on any exchange on which securities or derivatives that make up more than 50% of the fund's value or its underlying market exposure are traded and there's no other exchange where these securities or derivatives are traded, or
- with the approval of securities regulators.

We will not accept orders to buy fund units during any period when we've suspended investors' rights to sell their units.

You may withdraw your sell order before the end of the suspension period. Otherwise, we'll sell your units at the NAVPU next calculated when the suspension period ends.

Short-term trading fee

Short term trading by investors can increase a fund's expenses, which affects all investors in the fund, and can affect the economic interest of long-term investors. Short-term trading can affect a Fund's performance by forcing the portfolio advisor to keep more cash in the Fund than would otherwise be required. If you redeem, switch or reclassify securities of any series of a fund within 31 days of acquisition, we may, on behalf of the fund, in our sole discretion, charge a short-term trading fee of 2% of the net asset value of that series of securities redeemed, switched or reclassified. The short-term trading fee does not apply to:

- any of the Cash Equivalent Funds
- automatic rebalancing that is part of the service offered by the Manager;
- transactions not exceeding a certain minimum dollar amount, as determined by the Manager from time to time;
- trade corrections or any other action initiated by the Manager or the applicable portfolio advisor;
- transfers of units of one Fund between two accounts belonging to the same unitholder;

- regularly scheduled RRIF or LIF payments; and
- regularly scheduled automatic withdrawal plan payments.

Any formal or informal arrangements to permit short-term trading are described in the fund's annual information form. If securities regulations mandate the adoption of specified policies relating to short-term trading, the funds will adopt such policies if and when implemented by the securities regulators. If required, these policies will be adopted without amendment to this simplified prospectus of the funds' annual information form and without notice to you, unless otherwise required by such regulations.

Optional services

This section tells you about the accounts, plans and services that are available to investors in the ScotiaFunds. Call us at 1-800-268-9269 (416-750-3863 in Toronto) for English, or 1-800-387-5004 for French, or contact your Scotiabank branch for full details and application forms.

Pre-Authorized Contributions

Following your initial investment, you can make regular pre-authorized contributions (PAC) to the funds you choose using automatic transfers from your bank account at any Canadian financial institution.

More about Pre-Authorized Contributions

- Pre-Authorized contributions are available for non-registered accounts, RRSPs, RESPs, RDSPs and TFSA's. See *Minimum investments* for more details.
- You can choose to invest weekly, bi-weekly, semi-monthly, monthly, bi-monthly, quarterly, semi-annually or annually.
- We'll automatically transfer the money from your bank account to the funds you choose.
- You can change how much you invest and how often you invest, or cancel the plan at any time by contacting your mutual fund representative.
- We can change or cancel the plan at any time.
- If you make purchases using pre-authorized contributions, you will receive a renewal simplified prospectus for the funds only if you request it. If you would like to receive a copy of a renewal prospectus along with any amendment, please contact us at 1-800-268-9269, or fax your request to or visit your nearest Scotiabank branch. The current prospectus and any amendments may be found at www.sedar.com or at www.scotiafunds.com. Although you do not have a statutory right to withdraw from a purchase of mutual fund units made under a pre-authorized contribution, you will continue to have a right of action for damages or rescission in the event a renewal prospectus contains a misrepresentation, whether or not you request a renewal prospectus.
- If a fund is merged into another mutual fund managed by the Manager, then any pre-authorized contribution plans and automatic withdrawal plans which were established for such fund prior to the merger will be automatically re-established in comparable plans with respect to the applicable continuing fund unless a unitholder advises otherwise.

The *ican Invest* Program

The *ican Invest* 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. 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 may not apply to units of some funds when purchased through the program. See *Minimum investments* for details.

Automatic Withdrawal Plan

Automatic withdrawal plans let you receive regular cash payments from your funds. The table below shows the minimum balance needed to start the plan and the minimum for each withdrawal.

Fund	Minimum balance to start the plan	Minimum for each withdrawal
Scotia T-Bill Fund		
Scotia Money Market Fund ¹	\$10,000	\$100
Scotia U.S. \$ Money Market Fund ²		
Scotia Premium T-Bill Fund	\$250,000	\$500
All other funds ¹	\$5,000	\$50

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 Scotia Money Market Fund.

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

More about the automatic withdrawal plan

- The automatic withdrawal plan is only available for non-registered accounts.
- You can choose to receive payments monthly, quarterly, semi-annually or annually.
- We'll automatically sell the necessary number of units to make payments to your bank account at any Canadian financial institution or by cheque.
- If you sell units within 31 days of buying them, you may have to pay a short-term trading fee. See *Short-term trading* for details.
- If you hold your units in a non-registered account, you may realize a capital gain or loss. Capital gains are taxable.

- You can change the funds and the amount or frequency of your payments, or cancel the plan by contacting your mutual fund representative.
- We can change or cancel the plan, or waive the minimum amounts at any time.

If you withdraw more money than your fund units are earning, you'll eventually use up your investment.

Registered plans

Scotia RRSPs, RRIFs, RDSPs, LIRAs, LRSPs, LIFs, LRIFs, PRIFs, RESPs and TFSAs are available from your Scotiabank dealer or advisor. You can make lump-sum investments, or if you prefer, you can set up a regular investment plan using Pre-Authorized Contributions. See *Minimum investments* for the minimum investment amounts.

You can also hold units of the funds in self-directed registered plans with other financial institutions. You may be charged a fee for these plans.

Fees and expenses

This section describes the fees and expenses you may have to pay if you invest in the funds. You may have to pay some of these fees and expenses directly. The funds may have to pay some of these fees and expenses, which may reduce the value of your investment. The funds are required to pay Goods and Services Tax ("GST") or Harmonized Sales Tax ("HST") on management fees and operating expenses in respect of each series of units, based on the residence for tax purposes of the investors of the particular series of units. GST is currently charged at a rate of 5%. Changes in existing HST rates, the adopting of HST by additional provinces, the repeal of HST by HST-participating provinces and

changes in the breakdown of the residence of investors in each series of units may therefore have an impact on the funds year over year.

The Manager is not required to seek securityholder approval for the introduction of, or a change in the basis of calculating, a fee or expense that is charged to a fund or charged directly to securityholders of the fund in a way that could result in an increase in charges to securityholders provided any such introduction, or change, will only be made if notice is sent to securityholders at least 60 days before the effective date of the change.

Fees and expenses payable by the funds

Management fees

Each fund pays us a management fee with respect to each series of units, other than Series I units, for providing general management services. The fee is calculated and accrued daily and paid monthly. Management fees for Series I units of a fund are negotiated and paid directly by the investor, not by the fund, and will not exceed the Series A management fees of the fund. The management fees cover the costs of managing the fund, arranging for investment analysis, recommendations and investment decision making for the fund, arranging for distribution of the funds, marketing and promotion of the funds and providing or arranging for other services. The maximum annual rates of the management fee, which are a percentage of the net asset value ("NAV") of each fund, for Series A, Series F and Premium Series units of the funds are as follows:

Fund	Maximum annual management fee (%)
<i>Series A units</i>	
Cash Equivalent Funds	
Scotia T-Bill Fund	1.00
Scotia Premium T-Bill Fund	0.50 ¹
Scotia Money Market Fund	1.00
Scotia U.S. \$ Money Market Fund	1.00
Income Funds	
Scotia Mortgage Income Fund	1.25
Scotia Bond Fund	1.10
Scotia Canadian Income Fund	1.25
Scotia U.S. \$ Bond Fund	1.50
Scotia Global Bond Fund	1.50
Balanced Funds	
Scotia Diversified Monthly Income Fund	1.25
Scotia Income Advantage Fund	1.85
Scotia Canadian Balanced Fund	1.75
Scotia Canadian Dividend Income Fund	1.65
Scotia Canadian Tactical Asset Allocation Fund	1.75
Scotia Global Balanced Fund	2.00
Scotia U.S. \$ Balanced Fund	1.85
Equity Funds	
<i>Canadian Equity Funds</i>	
Scotia Canadian Dividend Fund	1.50
Scotia Canadian Blue Chip Fund	1.85
Scotia Canadian Growth Fund	1.85
Scotia Canadian Small Cap Fund	2.00
Scotia Resource Fund	2.00

Fees and expenses payable by the funds (cont'd)

Fund	Maximum annual management fee (%)
<i>U.S. Equity Funds</i>	
Scotia U.S. Dividend Fund	1.85
Scotia U.S. Blue Chip Fund	2.00
Scotia U.S. Opportunities Fund	2.00
<i>International Equity Funds</i>	
Scotia International Value Fund	2.15
Scotia European Fund	2.00
Scotia Pacific Rim Fund	2.00
Scotia Latin American Fund	2.50
<i>Global Equity Funds</i>	
Scotia Global Dividend Fund	2.00
Scotia Global Growth Fund	2.00
Scotia Global Small Cap Fund	2.35
Scotia Global Opportunities Fund	2.20
Index Funds	
Scotia Canadian Bond Index Fund	0.70
Scotia Canadian Index Fund	0.80
Scotia U.S. Index Fund	0.80
Scotia CanAm Index Fund	0.80
Scotia Nasdaq Index Fund	0.80
Scotia International Index Fund	0.80
Scotia Portfolios	
<i>Scotia Selected Portfolios</i>	
Scotia Selected Income Portfolio	1.55
Scotia Selected Income & Modest Growth Portfolio	1.60
Scotia Selected Balanced Income & Growth Portfolio	1.75
Scotia Selected Moderate Growth Portfolio	1.90
Scotia Selected Aggressive Growth Portfolio	2.10
<i>Scotia Partners Portfolios</i>	
Scotia Partners Diversified Income Portfolio	1.80
Scotia Partners Income & Modest Growth Portfolio	1.85
Scotia Partners Balanced Income & Growth Portfolio	2.00
Scotia Partners Moderate Growth Portfolio	2.15
Scotia Partners Aggressive Growth Portfolio	2.35
¹ The fund pays a management fee distribution of 0.20% when the value of the fund held within an account is \$250,000 to \$1,000,000. It pays a management fee distribution of 0.35% when the value of the fund held within an account is greater than \$1,000,000.	
<i>Series F units</i>	
Income Funds	
Scotia Mortgage Income Fund	0.625
Scotia Canadian Income Fund	0.625
Scotia U.S. \$ Bond Fund	0.75
Scotia Global Bond Fund	0.75
Balanced Funds	
Scotia Diversified Monthly Income Fund	0.625
Scotia Canadian Balanced Fund	0.875
Scotia Canadian Tactical Asset Allocation Fund	0.875
Equity Funds	
<i>Canadian Equity Funds</i>	
Scotia Canadian Dividend Fund	0.75
Scotia Canadian Blue Chip Fund	0.925
Scotia Canadian Growth Fund	0.925

Fees and expenses payable by the funds (cont'd)

	Fund	Maximum annual management fee (%)
	Scotia Canadian Small Cap Fund	1.00
	Scotia Resource Fund	1.00
	<i>U.S. Equity Funds</i>	
	Scotia U.S. Blue Chip Fund	1.00
	Scotia U.S. Opportunities Fund	1.00
	<i>International Equity Funds</i>	
	Scotia International Value Fund	1.15
	Scotia European Fund	1.00
	Scotia Pacific Rim Fund	1.00
	Scotia Latin American Fund	1.25
	<i>Global Equity Funds</i>	
	Scotia Global Growth Fund	1.00
	Scotia Global Small Cap Fund	1.35
	Scotia Global Opportunities Fund	1.20
	Index Funds	
	Scotia Canadian Bond Index Fund	0.35
	Scotia Canadian Index Fund	0.40
	Scotia U.S. Index Fund	0.40
	Scotia CanAm Index Fund	0.40
	Scotia Nasdaq Index Fund	0.40
	Scotia International Index Fund	0.40
	Scotia Portfolios	
	<i>Scotia Selected Portfolios</i>	
	Scotia Selected Income & Modest Growth Portfolio	0.60
	Scotia Selected Balanced Income & Growth Portfolio	0.75
	Scotia Selected Moderate Growth Portfolio	0.90
	Scotia Selected Aggressive Growth Portfolio	1.10
	<i>Scotia Partners Portfolios</i>	
	Scotia Partners Income & Modest Growth Portfolio	0.85
	Scotia Partners Balanced Income & Growth Portfolio	1.00
	Scotia Partners Moderate Growth Portfolio	1.15
	Scotia Partners Aggressive Growth Portfolio	1.35
	<i>Premium Series units</i>	
	Scotia Money Market Fund	0.30
Funds that invest in other funds	<p>An underlying fund pays its own fees and expenses, which are in addition to the fees and expenses payable by a fund that invests in the underlying fund.</p> <p>No management or incentive fees are payable by a fund if the payment of those fees could reasonably be perceived as a duplication of fees payable by an underlying fund for the same services.</p> <p>No sales or redemption fees are payable by a fund when it buys or sells securities of an underlying fund that is managed by us or one of our affiliates or associates of if the payment of these fees could reasonably be perceived as a duplication of fees paid by an investor in the fund.</p>	
Management fee distributions	<p>In addition to the management fee distribution for Scotia Premium T-Bill Fund, the funds may pay you a management fee distribution if you make a large investment. The distributions are negotiable and are reinvested in the fund. We may discontinue management fee distributions by giving written notice to you or to your broker or dealer.</p>	

Fees and expenses payable by the funds (cont'd)

Operating expenses Each series of a fund is allocated its own expenses and its proportionate share of the fund's expenses that are common to all series. Operating expenses may include legal fees and other costs incurred in order to comply with legal and regulatory requirements and policies, audit fees, custodial fees, taxes, brokerage commissions, unitholder communication costs and other administration costs. Examples of other administrative costs include departmental expenses incurred and paid by the Manager which support the daily operation of the funds. These expenses also include the costs in connection with the operation of the IRC (such as the costs of holding meetings, insurance premiums for the IRC, and fees and expenses of any advisor engaged by the IRC), the fees paid to each IRC member, and the reasonable expenses associated with the performance of his or her duties as an IRC member. Currently, each member of the IRC is entitled to an annual retainer of \$35,000 (\$47,500 for the Chair), and a per meeting fee of \$1,500. Each ScotiaFund pays a proportionate share of the total compensation paid to the IRC each year and reimburses members of the IRC for expenses incurred by them in connection with their services as members of the IRC. Each fund's share of the IRC's compensation will be disclosed in the funds' financial statements. We may choose to absorb any of these expenses.

Management expense ratio Each Fund pays all of the expenses relating to its operation and the carrying on of its activities, including: (a) management fees paid to the Manager for providing general management services; (b) operating expenses such as legal fees and other costs incurred in order to comply with legal and regulatory requirements and policies, audit fees, custodial fees, taxes, unitholder communication costs and other administration costs; and (c) all taxes. These expenses are expressed annually by each series of each Fund as its annual management expense ratio ("**MER**") which are the total expenses of each series of the Fund for the year expressed as a percentage of the series of the Fund's average daily net asset value during the year, calculated in accordance with applicable securities legislation. Portfolio transaction costs and derivatives transaction costs are not included in the MER.

Scotia Mortgage Income Fund Scotia Mortgage Income Fund pays Scotia Mortgage Corporation, a wholly-owned subsidiary of Scotiabank, a fee for administering all mortgages it holds. The fee is equal to an annualized rate of 3/8 of 1% of the average net asset value of the mortgages.

Fees and expenses payable directly by you

Sales charges None

Redemption fee None

Switch fee None

Short-term trading fee To discourage short-term trading, a fund may charge a fee of 2% of the amount you sell or switch, if you sell or switch your units within 31 days of buying them. For additional information please see *Short-term trading fee*.

Registered plan fees A withdrawal or transfer fee of up to \$50 may apply.

Other fees

- Pre-Authorized Contributions: None
- Automatic Withdrawal Plan: None

Impact of sales charges

Series A, Series F, Premium Series and Series I units of the funds are no-load. That means you don't pay a sales commission when you buy, switch or sell units of these series through Scotia

Securities Inc., Scotia McLeod or Scotia iTRADE. You may pay a sales commission or other fee if you buy, switch or sell units through other registered brokers or dealers.

Dealer compensation

This section explains how we compensate brokers and dealers when you invest in Series A or Premium Series units of the funds.

Sales commissions

We may pay Scotia Securities Inc. employees an up-front sales commission of up to 1% of the amount you invest.

Trailing commissions

We may pay Scotia Securities Inc., ScotiaMcLeod or Scotia iTRADE employees or other brokers and dealers a trailing commission on Series A and Premium Series units. We don't pay trailing commissions on Series F units. The fee is calculated daily and paid monthly and, subject to certain conditions, is based on the

value of Series A or Premium Series units investors are holding of each fund sold by a broker or dealer at the following annual rates:

Fund	Maximum annual trailing commission rate
Scotia Money Market Fund (Premium Series units)	
Scotia Premium T-Bill Fund	up to 0.10%
Scotia Canadian Bond Index Fund	
Scotia Canadian Index Fund	
Scotia U.S. Index Fund	
Scotia Nasdaq Index Fund	
Scotia International Index Fund	up to 0.40%
Scotia T-Bill Fund	
Scotia Money Market Fund (Series A units)	
Scotia U.S. \$ Money Market Fund	up to 0.50%
Scotia Canadian Income Fund	
Scotia Bond Fund	up to 0.55%
Scotia Mortgage Income Fund	
Scotia CanAm Index Fund	up to 0.625%
Scotia U.S. \$ Bond Fund	
Scotia Global Bond Fund	
Scotia Diversified Monthly Income Fund	
Scotia Canadian Balanced Fund	
Scotia Selected Income Portfolio	up to 0.75%
Scotia Income Advantage Fund	
Scotia U.S. \$ Balanced Fund	
Scotia Canadian Dividend Income Fund	
Scotia Global Balanced Fund	
Scotia Canadian Blue Chip Fund	
Scotia Canadian Growth Fund	
Scotia Canadian Small Cap Fund	
Scotia Resource Fund	
Scotia U.S. Blue Chip Fund	
Scotia Global Dividend Fund	
Scotia Global Growth Fund	
Scotia European Fund	
Scotia Pacific Rim Fund	
Scotia U.S. Dividend Fund	
Scotia U.S. Opportunities Fund	
Scotia International Value Fund	
Scotia Global Opportunities Fund	
Scotia Global Small Cap Fund	
Scotia Partners Diversified Income Portfolio	up to 1.00%
Scotia Canadian Dividend Fund	up to 1.10%
Scotia Canadian Tactical Asset Allocation Fund	up to 1.125%

Fund	Maximum annual trailing commission rate
Scotia Partners Income & Modest Growth Portfolio	
Scotia Partners Balanced Income & Growth Portfolio	
Scotia Partners Moderate Growth Portfolio	
Scotia Partners Aggressive Growth Portfolio	
Scotia Selected Income & Modest Growth Portfolio	
Scotia Selected Balanced Income & Growth Portfolio	
Scotia Selected Moderate Growth Portfolio	
Scotia Selected Aggressive Growth Portfolio	
Scotia Latin American Fund	up to 1.25%

We also pay trailing commissions to the discount broker for securities you purchase through your discount brokerage account.

Sales incentive programs

We may award prizes, such as cash or merchandise to Scotia Securities Inc. employees or branches for sales of fund units. We estimate that the annual cost of these prizes will not be more than \$1 for each \$1,000 investment by a unitholder. The maximum value of any prize that may be awarded to an employee is \$1,000 each year. Members of Scotiabank may include sales of units of the funds in their general employee incentive programs. These programs involve many different Scotiabank products. We may offer other incentive programs, as long as Canadian securities regulators approve them.

The funds or their unitholders pay no charges for incentive programs.

Equity interests

The Bank of Nova Scotia owns, directly or indirectly, 100% of Scotia Securities Inc. and Scotia Capital Inc. (which includes ScotiaMcLeod and Scotia iTRADE), DWM Securities Inc. and Dundee Private Investors Inc. Each of the above dealers may sell units of the funds.

Dealer compensation from management fees

The cost of the sales and trailing commissions and sales incentive programs was approximately 46.69% of the total management fees

we received from all of the ScotiaFunds during the financial year ended December 31, 2012.

Income tax considerations for investors

This section is a summary of how investing in the funds can affect your taxes. It assumes that you're an individual (other than a trust), a Canadian resident, deal at arm's length with the funds and you hold your units as capital property. This summary assumes that the Funds will qualify as "mutual fund trusts" within

the meaning of the Tax Act at all material times. More detailed information is provided in the funds' annual information form. Because tax laws vary by province and territory and every investor's situation is different, we recommend that you get advice from a tax expert.

How your investment can earn money

Funds earn money in the form of income and capital gains. Income includes the interest and dividends a fund earns on its investments and gains on certain derivatives. Capital gains are earned when a fund sells investments for a profit.

You earn money in the form of distributions when the fund pays you your share of the net income and net realized capital gains it has earned. In general, each fund will distribute enough of its net income and net realized capital gains each year to unitholders so it won't have to pay income tax.

You can also earn money in the form of a capital gain when you sell or switch your units for a profit. You can realize a capital loss if you sell or switch your units at a loss.

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 for tax purposes. 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.

How earnings are taxed

The tax you pay depends on whether you hold your units in a registered plan or in a non-registered account.

Units held in a registered plan

If you hold units of a fund in an RRSP, RRIF, RDSP, RESP, TFSA or other registered plan, you pay no tax on distributions from the fund on those units or on any capital gains that your registered plan receives from selling or switching units. When you withdraw money from a registered plan (other than TFSA), it will generally be subject to tax at your marginal tax rate. You should consult with a tax expert about the special rules that apply to RESPs and RDSPs and whether an investment in the fund will be a prohibited investment for your RRSP, RRIF or TFSA under the current rules in the Tax Act or under proposed amendments.

Units held in a non-registered account

Distributions from the funds

If you hold units of a fund in a non-registered account, you must include your share of the fund's distributions of net income and the taxable portion of its distributions of net realized capital gains (including any management fee distributions) in your income, whether you receive the distributions in cash or we reinvest them for you. In general, these distributions are taxable to you as if you received the income or gain directly.

Distributions, including management fee distributions, may include a return of capital. When a fund earns less income and capital gains than the amount distributed, the difference is a return of capital. A return of capital is not taxable, but will reduce the adjusted cost base of your units of the fund. If the adjusted cost base of your units is reduced to less than zero, you will be deemed to realize a capital gain to the extent of the negative amount and the adjusted cost base of your units will be increased to nil. You should consult a tax expert about the tax implications of receiving a return of capital.

The unit price of a fund may include income and/or capital gains that the fund has accrued or realized, but not yet distributed. If you buy units of a fund just before it makes a distribution, you'll be taxed on that distribution once it is made, even though the fund earned the amount before you owned it. For example, many funds make their only, or most significant, distribution of income and capital gains in December. If you buy units late in the year, you may have to pay tax on the income and capital gains the fund earned for the whole year. That means you'll end up paying tax on fund earnings that you had little or no benefit from.

We'll issue a tax slip to you each year that shows you how much of each type of income and return of capital the fund distributed to you in Canadian dollars. You can claim any tax credits that apply to those earnings. For example, if the fund's distributions include Canadian dividend income, you'll qualify for a dividend tax credit. The characterization of distributions made during the year will not be determined with certainty for Canadian tax purposes until the end of each fund's taxation year.

Capital gains (or losses) you realize

In general, you must also include in computing your income one-half of any capital gains you realize from selling or switching your units. You will have a capital gain if your sale proceeds, less any costs of the sale, are more than the adjusted cost base of your units. You will have a capital loss if your sale proceeds, less any costs of the sale, are less than the adjusted cost base of your units. You may use capital losses you realize to offset capital gains, subject to detailed rules in the Tax Act.

Reclassifying units from one series of a fund to another series of the same fund is not generally a disposition for tax purposes, so no capital gain or loss will generally result. If you reclassify units of a fund, the cost of the series of the units of the fund acquired on the reclassification will be the same as the adjusted cost base of the series of units of the fund reclassified immediately before the reclassification. The cost will be averaged with the adjusted cost base of the other units of such series of the fund held or subsequently acquired by you.

If you dispose of units of a fund and you, or your spouse or another person affiliated with you (including a corporation controlled by you) has acquired units of the same fund within 30 days before or after you dispose of the units (such newly acquired units being considered “substituted property”), your capital loss may be deemed to be a “superficial loss”. If so, you will not be able to recognize the loss and it would be added to the adjusted cost base to the owner of the units which are “substituted property”.

Calculating adjusted cost base

You must calculate your adjusted cost base for tax purposes in Canadian dollars and separately for each series of units of a fund that you own.

In general, the aggregate adjusted cost base of your units of a series of a fund equals:

- your initial investment, **plus**
- additional investments, **plus**
- reinvested distributions, **minus**
- any return of capital distributions, **minus**
- the adjusted cost base of any previous redemptions.

You should keep detailed records of the purchase cost of your investments and distributions you receive on those units so you can calculate their adjusted cost base. You may want to get advice from a tax expert.

Portfolio turnover rate

Each fund discloses its portfolio turnover rate in its management report of fund performance. A fund’s portfolio turnover rate indicates how actively the fund’s portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio one time in the course of a year. The higher a fund’s portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year and the greater the likelihood that gains or losses will be realized by the fund. Any distribution of net income or the taxable portion of the net realized capital gains paid or payable by the fund to you, in a non-registered account, must be included in your income for tax purposes for that year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

What are your legal rights?

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus or Fund Facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and

get your money back, or to make a claim for damages, if the simplified prospectus, annual information form, Fund Facts or financial statements misrepresent any facts about the mutual fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

Additional information about each fund is available in its Annual Information Form, its most recently filed Fund Facts, its most recently filed annual and interim financial statements and its most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this Simplified Prospectus. That means they legally form part of this Simplified Prospectus just as if they were printed in it.

You can get a copy of these documents, at your 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 asking 1832 Asset Management L.P.

You'll also find these documents on our website at www.scotiafunds.com.

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

ScotiaFunds Simplified Prospectus

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

Income Funds

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 and Series I 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 Diversified Monthly Income Fund (Series A and Series F units)
Scotia Income Advantage Fund (Series A units)
Scotia Canadian Balanced Fund (Series A and Series F units)
Scotia Canadian Dividend Income Fund (to be renamed *Scotia Dividend Balanced Fund*)* (Series A and Series I units)
Scotia Canadian Tactical Asset Allocation Fund (to be renamed *Scotia Balanced Opportunities Fund*)* (Series A and Series F 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 Canadian Dividend Fund (Series A, Series F and Series I units)
Scotia Canadian Blue Chip Fund (Series A, Series F and Series I units)
Scotia Canadian Growth Fund (Series A, Series F and Series I units)
Scotia Canadian Small Cap Fund (Series A, Series F and Series I units)
Scotia Resource Fund (Series A, Series F and Series I units)

U.S. Equity Funds

Scotia U.S. Dividend Fund (Series A and Series I units)
Scotia U.S. Blue Chip Fund (Series A, Series F and Series I units)
Scotia U.S. Opportunities Fund (Series A, Series F and Series I units)

International Equity Funds

Scotia International Value Fund (Series A, Series F and Series I 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)

*Effective November 29, 2013

Managed by:

1832 Asset Management L.P.
Scotia Plaza
52nd Floor
40 King Street West
Toronto, Ontario
M5H 1H1

ScotiaFunds are managed by 1832 Asset Management L.P., a limited partnership the general partner of which is wholly owned by The Bank of Nova Scotia. ScotiaFunds are available through Scotia Securities Inc. and from other dealers and advisors, including ScotiaMcLeod and Scotia iTRADE, which are divisions of Scotia Capital Inc. Scotia Securities Inc. and Scotia Capital Inc. are wholly owned by The Bank of Nova Scotia. Scotia Capital Inc. is a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada.



* Registered trademarks of The Bank of Nova Scotia, used under licence.

Global Equity Funds

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

Scotia Selected Income Portfolio (Series A units)
Scotia Selected Income & Modest Growth Portfolio (to be renamed *Scotia Selected Balanced Income Portfolio*)* (Series A and Series F units)
Scotia Selected Balanced Income & Growth Portfolio (to be renamed *Scotia Selected Balanced Growth Portfolio*)* (Series A and Series F units)
Scotia Selected Moderate Growth Portfolio (to be renamed *Scotia Selected Growth Portfolio*)* (Series A and Series F units)
Scotia Selected Aggressive Growth Portfolio (to be renamed *Scotia Selected Maximum Growth Portfolio*)* (Series A and Series F units)

Scotia Partners Portfolios

Scotia Partners Diversified Income Portfolio (to be renamed *Scotia Partners Income Portfolio*)* (Series A units)
Scotia Partners Income & Modest Growth Portfolio (to be renamed *Scotia Partners Balanced Income Portfolio*)* (Series A and Series F units)
Scotia Partners Balanced Income & Growth Portfolio (to be renamed *Scotia Partners Balanced Growth Portfolio*)* (Series A and Series F units)
Scotia Partners Moderate Growth Portfolio (to be renamed *Scotia Partners Growth Portfolio*)* (Series A and Series F units)
Scotia Partners Aggressive Growth Portfolio (to be renamed *Scotia Partners Maximum Growth Portfolio*)* (Series A and Series F units)