ScotiaFunds®

Simplified Prospectus

May 12, 2014

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

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

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

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Introduction

In this document:

Board means the board of directors of the Corporation;

Corporation means Scotia Corporate Class Inc.;

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

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

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

Manager, 1832 LP, *we, us*, and *our* refer to 1832 Asset Management L.P.;

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

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

Reference Securities means the portfolio securities held by a Reference Fund;

Scotiabank includes The Bank of Nova Scotia (Scotiabank) and its affiliates, including The Bank of Nova Scotia Trust Company (Scotiatrust), 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;

securities of a Fund refers to units or shares of a Fund;

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

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

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

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

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 49, contains specific information about each of the Funds offered for sale under this simplified prospectus. The second part, from pages 50 to 69, 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 is a separate class of mutual fund shares of the Corporation, and each class is divided into one or more separate series. Each Fund is associated with an investment portfolio having specific investment objectives. Each share of a series represents an equal, undivided interest in the portion of the Fund's net assets attributable to that series. Expenses of each series are tracked separately and a separate share price is calculated for each series. The Funds offered under this simplified prospectus offer Series A, Series M and/or Series T shares.

The series have different management fees and are intended for different investors. Series A and Series T shares are available to all investors. Series M shares are available to investors who have signed a discretionary investment management agreement with 1832 Asset Management L.P. or Scotiatrust. You'll find more information about the different series of shares under *About the series of shares*.

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 trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered education savings plans ("**RESPs**"), deferred profit sharing plans, registered disability savings plans ("**RDSPs**"), and tax-free savings accounts ("**TFSAs**") (collectively, "**Registered Plans**").

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 shares of certain funds by certain Registered Plans.

What do the Funds invest in?

This section tells you the fundamental investment objectives of each Fund and the strategies each Fund 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 securityholders 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 specified 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

Each of the Funds may, from time to time, invest some or all of their assets in underlying funds that are managed by us, including other ScotiaFunds, or our affiliates or associates, or by third party investment managers. In addition, some of the Funds may obtain exposure to certain ScotiaFunds by investing in one or more LP Funds, which in turn may enter into forward contracts with counterparties or fund-linked deposit notes or other transactions, which will provide it with the exposure to the returns of a Reference Fund. When deciding to invest in, or obtain exposure to, 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 Portfolio Classes are part of a family of mutual funds providing investors with professionally managed solutions designed to suit their investment profile. Each of the Portfolio Classes may invest in, or obtain exposure to, a mix of other mutual funds, each of which follows a different investment objective and strategy. In addition, a Portfolio Class may also choose to obtain exposure to a particular investment strategy by investing directly in equity securities and fixed income securities. Each Portfolio Class will follow a strategic asset allocation investment strategy.

The Portfolio Classes give you:

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

The selection of investments for the Portfolio Classes is subject to a multi-step investment process. Prior to investing, we conduct a thorough review of appropriate mutual funds and determine if the Portfolio Class will invest in, or obtain exposure to, a mutual fund or if the Portfolio Class will invest directly in similar securities as are held by a mutual fund.

When determining whether to include a particular mutual fund or investment, we consider the asset mix of each of the Portfolio Classes which are designed for different types of investors with unique risk or reward profiles.

Each Portfolio Class is diversified by asset class, capitalization, geographic location and investment style. We regularly monitor the underlying funds in which or to which the Portfolio Classes are invested or exposed and consider the underlying funds' quantitative and qualitative attributes, and the diversification benefits that they bring to each of the Portfolio Classes. When deciding to invest in an underlying fund, we 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.

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 Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities, the Fund makes a profit for the difference (less any interest the Fund is required to pay to the lender). In this way, the Fund has more opportunities for gains when markets are generally volatile or declining.

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. In particular, the standard deviation of each fund is reviewed. Standard deviation is a common statistic used to measure the volatility and risk of an investment. Funds with higher standard deviations are generally classified as being more risky. The Manager takes into account other qualitative factors in making its final determination of each Fund's risk rating. 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 (or 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.

Dividend policy

This tells you when the Fund pays dividends. Dividends on shares held in registered plans and non-registered accounts are reinvested in additional shares of the Fund, unless you tell your mutual Fund representative that you want to receive cash distributions. For information about how dividends 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 did not offer or distribute Series A, Series M or Series T shares prior to December 31, 2013, no Fund expenses information is available for that series. You'll find more information about fees and expenses in *Fees and expenses*.

Scotia Short Term Yield Class

The Fund is currently closed to new purchases or switches of securities from other funds into this Fund. The Fund may be re-opened at a later date.

Fund details

Fund type	Canadian short term fixed income fund
Start date	Series M shares: June 25, 2012
Type of securities	Series M shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. 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 by primarily investing in, or providing exposure to, high quality, short term fixed income securities issued by Canadian federal, provincial and municipal governments, Canadian chartered banks and trust companies, and corporations.

The Fund will invest in one or more of the following ways, in any combination:

- by investing directly in such fixed income securities;
- by investing in units of Scotia Money Market Fund (the "underlying fund"); and
- by investing in units of an LP Fund which makes use of forward contracts, deposit notes or other derivatives to gain exposure to the return of a Reference Fund that is a money market fund.

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

Investment strategies

The Fund, when investing directly in such securities, and the underlying fund, generally invest in securities with a maturity of up to one year. The Fund and underlying fund invest 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 average term to maturity of the underlying fund's investments can vary between 30 and 90 days.

The Fund, when investing directly in such securities, and the underlying fund, use interest rate, yield curve and credit analysis to select individual investments and to manage the Fund's and the underlying fund's average term to maturity.

The Fund may invest all or a portion of its assets in units of an LP Fund, which may enter into forward contracts under which it purchases or sells Canadian equity securities as described below, may purchase deposit notes or enter into other derivatives transactions in order to gain exposure to another fund. As described above, the Fund may also invest directly in an underlying fund or in securities similar to those held by the underlying fund where the portfolio advisor believes it would be beneficial to securityholders to do so.

The Fund may invest or be exposed to up to 30% of its assets in foreign securities.

Under the terms of a forward contract, an LP Fund would be entitled to purchase or sell the Canadian equity securities at maturity of the forward contract (or may settle in whole or in part, earlier in order to fund distributions or redemptions, for example), for a price determined by reference to the net asset value of a Reference Fund, less the costs of the forward contracts and hedging. In the case of certain early termination events, the LP Fund may be required to pay defined costs of the counterparty, including in relation to its loss of ability to hedge. In certain circumstances the counterparty may be able to postpone a payment due to the LP Fund.

The Canadian equity securities or other securities acceptable to the counterparty would be pledged to the counterparty as security for the obligations of the LP Fund under the forward contract.

An LP Fund allocates to its unitholders their shares of gains or losses realized on the sale of the Canadian equity securities by the LP Fund to the counterparty under the forward contract. The Corporation intends to make an election under the Tax Act to treat all gains and losses on the disposition of Canadian securities as capital gains or capital losses and it is expected that the Corporation's share of such gains or losses will be treated as capital gains or capital losses for tax purposes.

The recently enacted derivative forward agreement rules ("**DFA Rules**") in the Tax Act target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are expected to apply to forward contracts entered into by the LP Funds. If the DFA Rules were to apply to forward contracts entered into by the LP Funds, the gains on the forward contracts would be treated as ordinary income instead of capital gains.

As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

The Fund, the underlying fund and the LP Fund may use derivatives, such as options, forwards and swaps, in order 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. They will only use derivatives as permitted by securities regulations.

The Fund, the underlying fund and the LP Fund may, to the extent permitted by securities regulations, also participate in repurchase and reverse repurchase transactions to achieve the Fund's overall investment objectives and to earn additional income or enhance returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them, see *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

Additional information about the underlying fund, the LP Fund and the Reference Fund is or will be set out in its simplified prospectus, Fund Facts and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund

To the extent that the Fund invests in, or has exposure to, underlying funds, including the Reference Fund, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that fund. The Fund will also have the risks relating to any direct investment it makes.

The risks of investing in this Fund may include the following:

- class risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- until January 1, 2015, reference forward risk
- repurchase and reverse repurchase transaction risk
- significant securityholder risk
- until January 1, 2015, taxation risk
- U.S. withholding tax risk

You'll find details about each risk under *Specific Risks of Mutual Funds*.

During the 12 months preceding May 1, 2014, up to 99.9% of the net assets of the Fund were invested in Scotia Money Market Fund Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- are looking to preserve capital;
- want a liquid, conservative fixed income investment;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- are looking for low risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 M shares	$ 2.77	8.72	15.29	34.81

For additional information refer to "Fees and Expenses" later in this document.

Scotia Conservative Government Bond Capital Yield Class

The Fund is currently closed to new purchases or switches of securities from other funds into this Fund. The Fund may be re-opened at a later date.

Fund details

Fund type	Canadian fixed income fund
Start date	Series A shares: May 28, 2012 Series M shares: June 25, 2012
Type of securities	Series A and M shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to provide income and modest capital gains by primarily providing exposure to bonds and treasury bills issued or guaranteed by Canadian federal, provincial and municipal governments or agency of such governments, and money market instruments of Canadian issuers, including commercial paper, bankers' acceptances, asset-backed or mortgage-backed securities and guaranteed investment certificates.

The Fund will obtain such exposure in one or more of the following ways, in any combination:

- by investing directly in such fixed income securities;
- by investing in units of the Scotia Private Short-Mid Government Bond Pool (the "underlying fund"); and
- by investing in units of an LP Fund which makes use of forward contracts, deposit notes or other derivatives to gain exposure to the return of the Reference Fund.

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

Investment strategies

Securities with a maturity of one year or less will generally have a credit rating of R1 (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 must 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 and the underlying fund's investments will vary, depending on market conditions. The portfolio advisor of the Fund, when investing directly in such securities, and of the underlying fund adjusts the average term to maturity to try to maximize returns while minimizing interest rate risk.

The Fund, when investing directly in such securities, and the underlying fund use interest rate and yield curve analysis to select individual investments and to manage the Fund or the underlying Fund's average term to maturity, and analyses credit risk to identify securities that offer the potential for higher yields at an acceptable level of risk. The Fund may also retain cash to fund its expenses and/or meet its redemption requirements to securityholders. The Fund may also invest in money market instruments pending investment.

Each of the Fund and the underlying fund can invest up to 30% of its assets in foreign securities.

The Fund may invest all or a portion of its assets in units of Scotia Conservative Government Bond LP (the "LP Fund"), which may enter into forward contracts under which it purchases or sells Canadian equity securities as described below, may purchase deposit notes or enter into other derivatives transactions, for a price determined by reference to the net asset value of Scotia Private Short-Mid Government Bond Pool (the "Reference Fund"), less the costs of the forward contracts and hedging.

Under the terms of a forward contract, the LP Fund would be entitled to purchase or sell the Canadian equity securities at maturity of the forward contract (or may settle in whole or in part, earlier in order to fund distributions or redemptions, for example), for a price determined by reference to the net asset value of the Reference Fund, less the costs of the forward contracts and hedging. In the case of certain early termination events, the LP Fund may be required to pay defined costs of the counterparty, including in relation to its loss of ability to hedge. In certain circumstances the counterparty may be able to postpone a payment due to the LP Fund.

The Canadian equity securities or other securities acceptable to the counterparty would be pledged to the counterparty as security for the obligations of the LP Fund under the forward contract.

An LP Fund allocates to its unitholders their shares of gains or losses realized on the sale of the Canadian equity securities by the LP Fund to the counterparty under the forward contract. The Corporation intends to make an election under the Tax Act to treat all gains and losses on the disposition of Canadian securities as capital gains or capital losses and it is expected that the Corporation's share of such gains or losses will be treated as capital gains or capital losses for tax purposes.

The recently enacted derivative forward agreement rules ("**DFA Rules**") in the Tax Act target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are expected to apply to forward contracts entered into by the LP Funds. If the DFA Rules were to apply to forward contracts entered into by the LP Funds, the gains on the forward contracts would be treated as ordinary income instead of capital gains.

As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

The Fund, the LP Fund and the Reference Fund may use derivatives such as options, forwards 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. They will only use derivatives as permitted by securities regulations.

The Fund, the LP Fund and Reference 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 or enhance returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

The Fund and the underlying fund 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 *Specific Risks of Mutual Funds – Short selling risk*.

Additional information about the LP Fund and the Reference Fund is set out in its simplified prospectus, Fund Facts and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in, or has exposure to, underlying funds, including the Reference Fund, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in, or exposure to that fund. To the extent it invests directly in fixed income securities, the Fund will have the risks associated with investing directly in such fixed income securities.

The risks of investing in this Fund may include the following:

- asset-backed and mortgage-backed securities risk
- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- until January 1, 2015, reference forward risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- short selling risk
- significant securityholder risk

- until January 1, 2015, taxation risk
- U.S. withholding tax risk.

You'll find details about each risk under *Specific Risks of Mutual Funds*.

During the 12 months preceding May 1, 2014, up to 100.1% of the net assets of the Fund were invested in Scotia Conservative Government Bond LP Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want exposure similar to that of a well-diversified portfolio of fixed income securities issued or guaranteed by Canadian federal, provincial and municipal governments or any agency thereof and Canadian money market instruments;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- are looking for low to medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$	14.15	44.59	78.16	177.92
Series M shares	$	2.05	6.46	11.33	25.78

For additional information refer to "Fees and Expenses" later in this document.

Scotia Fixed Income Blend Class

The Fund is currently closed to new purchases or switches of securities from other funds into this Fund. The Fund may be re-opened at a later date.

Fund details

Fund type	Canadian fixed income fund
Start date	Series A shares: November 26, 2012
Type of securities	Series A shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to provide income and modest capital gains by investing primarily in fixed income securities.

The Fund will obtain such exposure in one or more of the following ways, in any combination:

- by investing directly in such fixed income securities;
- by investing in units of mutual funds managed by us and/or other mutual fund managers that invest in fixed income securities; and
- by investing in units of an LP Fund which makes use of forward contracts, or other derivatives to gain exposure to the return of an underlying fund.

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

Investment strategies

The Fund invests primarily in underlying funds that invest in fixed income securities and may also invest in a wide variety of fixed income securities.

Where the Fund invests in underlying funds, the weightings of those mutual funds may be rebalanced periodically, at the discretion of Manager, so as to allow the Manager to use an investment approach that manages risk and increases potential return to the Fund.

The Fund may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The Fund may invest or be exposed to up to 30% of its assets in foreign securities.

The Fund may invest all or a portion of its assets in units of an LP Fund, which may enter into forward contracts under which it purchases or sells Canadian equity securities as described below or may enter into other derivatives transactions, for a price determined by reference to the net asset value of an underlying fund, less the costs of the forward contracts and hedging. As described above, the Fund may also invest in an underlying fund or in securities similar to those held by the underlying fund where the portfolio advisor believes it would be beneficial to securityholders to do so.

Under the terms of a forward contract, an LP Fund would be entitled to purchase or sell the Canadian equity securities at maturity of the forward contract (or may settle in whole or in part, earlier in order to fund distributions or redemptions, for example), for a price determined by reference to the net asset value of an underlying fund, less the costs of the forward contracts and hedging. In the case of certain early termination events, the LP Fund may be required to pay defined costs of the counterparty, including in relation to its loss of ability to hedge. In certain circumstances the counterparty may be able to postpone a payment due to the LP Fund.

The Canadian equity securities or other securities acceptable to the counterparty would be pledged to the counterparty as security for the obligations of the LP Fund under the forward contract.

An LP Fund allocates to its unitholders their shares of gains or losses realized on the sale of the Canadian equity securities by the LP Fund to the counterparty under the forward contract. The Corporation intends to make an election under the Tax Act to treat all gains and losses on the disposition of Canadian securities as capital gains or capital losses and it is expected that the Corporation's share of such gains or losses will be treated as capital gains or capital losses for tax purposes.

The recently enacted derivative forward agreement rules ("**DFA Rules**") in the Tax Act target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are expected to apply to forward contracts entered into by the LP Funds. If the DFA Rules were to apply to forward contracts entered into by the

LP Funds, the gains on the forward contracts would be treated as ordinary income instead of capital gains.

As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

The Fund and an underlying fund may use derivatives, such as options, forwards and swaps, in order 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. They will only use derivatives as permitted by securities regulations.

The Fund and an underlying fund 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. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *Specific Risks of Mutual Funds – Short selling risk*.

The Fund and an underlying fund (including a Reference Fund) may, to the extent permitted by securities regulations (in the case of an LP Fund, as modified by exemptive relief), enter into securities lending transactions, repurchase and reverse repurchase transactions to achieve the Fund's overall investment objectives and to earn additional income or enhance returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them, see *Specific Risks of Mutual Funds – Securities lending risk and Repurchase and reverse repurchase transaction risk*.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund

To the extent that the Fund invests in, or has exposure to, underlying funds, including the Reference Funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that Fund. The fund will also have the risks relating to any direct investment it makes.

The risks of investing in this Fund may include the following:

- asset-backed and mortgage-backed risk
- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- until January 1, 2015, reference forward risk
- repurchase and reverse repurchase risk transaction risk
- securities lending risk
- short selling risk
- significant securityholder risk
- until January 1, 2015, taxation risk
- U.S. withholding tax risk

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 50.7% of the net assets of the Fund were invested in Scotia Canadian Income LP Series I, up to 15.0% of the portfolio were invested in Scotia Canadian Corporate Bond LP Series I, up to 15.0% of the net assets of the Fund were invested in Scotia Conservative Government Bond LP Series I, up to 10.1% of the net assets of the Fund were invested in Scotia Private High Yield Income Pool Series I, and up to 10.1% of the net assets of the Fund were invested in Scotia Private American Core-Plus Bond Pool Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want exposure to fixed income securities;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;

- can accept low to medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$ 15.79	49.76	87.22	198.54

For additional information refer to "Fees and Expenses" later in this document.

Scotia Canadian Corporate Bond Capital Yield Class

The Fund is currently closed to new purchases or switches of securities from other funds into this Fund. The Fund may be re-opened at a later date.

Fund details

Fund type	Canadian fixed income fund
Start date	Series M shares: June 25, 2012
Type of securities	Series M shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to provide a high level of income and modest capital gains by primarily providing exposure to bonds issued by Canadian corporations.

The Fund will obtain such exposure in one or more of the following ways, in any combination:

- by investing directly in such fixed income securities;
- by investing in units of the Scotia Private Canadian Corporate Bond Pool (the "underlying fund"); and
- by investing in units of an LP Fund which makes use of forward contracts, deposit notes or other derivatives to gain exposure to the return of the Reference Fund.

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

Investment strategies

Securities with a maturity of one year or less will generally 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 must have a credit rating of BBB (low) or better by DBRS, or an equivalent rating by another approved rating agency. The Fund and underlying fund can invest up to 25% of its assets in securities that have a credit rating of no lower than B (low) by DBRS, or an equivalent rating by another approved rating agency.

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 and underlying fund's average term to maturity depending on market conditions. The credit quality of the Fund and underlying 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 and underlying fund may:

- invest in bonds and treasury bills issued by Canadian federal, provincial and municipal governments and their agencies
- invest in other fixed income securities including mortgage and asset backed securities and strip bonds
- invest in money market instruments issued by Canadian corporations. These include commercial paper, bankers' acceptances and guaranteed investment certificates
- 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. They will only use derivatives as permitted by securities regulations.

The Fund may also retain cash to fund its expenses and/or meet its redemption requirements to securityholders. The Fund may also invest in money market instruments pending investment.

The Fund and underlying fund may also invest up to 30% of its assets in foreign securities anywhere in the world.

The Fund may invest all or a portion of its assets in units of Scotia Canadian Corporate Bond LP (the "LP Fund"), which may enter into forward contracts under which it purchases or sells Canadian equity securities as described below, may purchase deposit notes or enter into other derivatives transactions, for a price determined by reference to the net asset value of Scotia Private Canadian Corporate Bond Pool (the "Reference Fund"), less the costs of the forward contracts and hedging.

Under the terms of a forward contract, the LP Fund would be entitled to purchase or sell the Canadian equity securities at maturity of the forward contract (or may settle in whole or in part, earlier in order to fund distributions or redemptions, for example), for a price determined by reference to the net asset value of the Reference Fund, less the costs of the forward contracts and hedging. In the case of certain early termination events, the LP Fund may be required to pay defined costs of the counterparty, including in relation to its loss of ability to hedge. In certain circumstances the counterparty may be able to postpone a payment due to the LP Fund.

The Canadian equity securities or other securities acceptable to the counterparty would be pledged to the counterparty as security for the obligations of the LP Fund under the forward contract.

An LP Fund allocates to its unitholders their shares of gains or losses realized on the sale of the Canadian equity securities by the LP Fund to the counterparty under the forward contract. The Corporation intends to make an election under the Tax Act to treat all gains and losses on the disposition of Canadian securities as capital gains or capital losses and it is expected that the Corporation's share of such gains or losses will be treated as capital gains or capital losses for tax purposes.

The recently enacted derivative forward agreement rules ("**DFA Rules**") in the Tax Act target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are expected to apply to forward contracts entered into by the LP Funds. If the DFA Rules were to apply to forward contracts entered into by the LP Funds, the gains on the forward contracts would be treated as ordinary income instead of capital gains.

As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

The Fund, the LP Fund and the Reference Fund may use derivatives such as options, 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. They will only use derivatives as permitted by securities regulations.

The Fund, the LP Fund and Reference 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 or enhance returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

The Fund and the underlying fund 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 *Specific Risks of Mutual Funds – Short selling risk*.

Additional information about the LP Fund and the Reference Fund is set out in its simplified prospectus, Fund Facts and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in, or obtains exposure to, underlying funds, including a Reference Fund, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in, or exposure to, that fund. To the extent it invests directly in fixed income securities, the Fund will have the risks associated with investing directly in such fixed income securities.

The risks of investing in this fund may include the following:

- asset-backed and mortgage-backed securities risk
- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk

- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- until January 1, 2015, reference forward risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- short selling risk
- significant securityholder risk
- until January 1, 2014, taxation risk
- U.S. withholding tax risk.

You'll find details about each risk under *Specific Risks of Mutual Funds*.

During the 12 months preceding May 1, 2014, up to 100.0% of the net assets of the Fund were invested in Scotia Canadian Corporate Bond LP Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want exposure to fixed income securities issued by Canadian corporations;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- are looking for low to medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 M shares	$ 2.36	7.43	13.03	29.65

For additional information refer to "Fees and Expenses" later in this document.

Scotia Canadian Dividend Class

Fund details

Fund type	Canadian dividend and income equity fund
Start date	Series A shares: May 28, 2012 Series M shares: June 25, 2012
Type of securities	Series A and Series M shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to achieve a high level of dividend income with some potential for long-term total investment return, consisting of dividend income and long term capital growth. It invests primarily in dividend-paying common shares and 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 securityholders called for that purpose.

Investment strategies

The Fund may obtain exposure to such investments in one or more of the following ways, in any combination:

- by investing directly in such securities;
- by investing in units of Scotia Canadian Dividend Fund (the "underlying fund"); and
- through the use of derivatives to gain exposure to common shares and preferred shares.

The portfolio advisor of the Fund and the underlying fund 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 direct and indirect investments and the underlying fund's assets, when considered as a whole, are diversified by industry and company to help reduce risk.

The Fund and the underlying fund can invest up to 30% of its assets in foreign securities anywhere in the world.

The Fund and the underlying fund 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. They will only use derivatives as permitted by securities regulations.

The Fund and underlying fund may, to the extent permitted by securities regulations, also participate in repurchase, reverse repurchase and securities lending transactions to achieve the Fund's overall investment objectives and earn additional income or to enhance returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

The Fund and the underlying fund 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 *Specific Risks of Mutual Funds – Short selling risk*.

Additional information about the underlying fund is set out in its simplified prospectus, Fund Facts, and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in, or has exposure to, underlying funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in, or exposure to, that fund. To the extent it invests directly in equity securities, the Fund will have the risks associated with investing directly in such equity securities.

The risks of investing in this Fund may include the following:

- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- equity 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
- significant securityholder risk
- U.S. withholding tax risk

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 100.0% of the net assets of the Fund were invested in Scotia Canadian Dividend Fund Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want some potential for long term capital growth;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$	18.25	57.52	100.82	229.49
Series M shares	$	2.36	7.43	13.03	29.65

For additional information refer to "Fees and Expenses" later in this document.

Scotia Canadian Equity Blend Class

Fund details

Fund type	Canadian equity fund
Start date	Series A shares: November 26, 2012
Type of securities	Series A shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to provide long-term capital growth. It invests primarily in a mix of mutual funds managed by us and/or other mutual fund managers that invest in Canadian equity securities, and/or directly in Canadian equity securities.

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

Investment strategies

The Fund invests primarily in underlying funds that invest in Canadian equity securities and may also invest in a wide variety of Canadian equity securities.

Where the Fund invests in underlying funds, the weightings of those mutual funds may be rebalanced periodically, at the discretion of Manager, so as to allow the Manager to use an investment approach that manages risk and increases potential return to the Fund.

The Fund may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The Fund may invest up to 30% of its assets in foreign securities.

The Fund and an underlying fund may use derivatives, such as options, forwards and swaps, in order 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. They will only use derivatives as permitted by securities regulations.

The Fund and an underlying fund 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. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *Specific Risks of Mutual Funds – Short selling risk*.

The Fund and an underlying fund may, to the extent permitted by securities regulations, enter into securities lending transactions, repurchase and reverse repurchase transactions to achieve the Fund's overall investment objectives and to earn additional income or enhance returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them, see *Specific Risks of Mutual Funds – Securities lending risk and Repurchase and reverse repurchase transaction risk*.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund

To the extent that the Fund invests in underlying funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that Fund. The Fund will also have the risks relating to any direct investment it makes.

The risks of investing in this Fund may include the following:

- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- repurchase and reverse repurchase risk transaction risk

- securities lending risk
- short selling risk
- significant securityholder risk
- small company risk
- U.S. withholding tax risk

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 30.1% of the net assets of the Fund were invested in CI Cambridge Canadian Equity Corporate Class I, up to 20.2% of the net assets of the Fund were invested in Scotia Canadian Blue Chip Fund Series I, up to 20.0% of the net assets of the Fund were invested in Dynamic Dividend Advantage Fund Series O, up to 19.9% of the net assets of the Fund were invested in Dynamic Small Business Fund Series O, and up to 10.3% of the net assets of the Fund were invested in Scotia Private Canadian Small Cap Pool Series I .

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;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$ 25.73	81.11	142.16	323.60

For additional information refer to "Fees and Expenses" later in this document.

Scotia U.S. Equity Blend Class

Fund details

Fund type	U.S. equity fund
Start date	Series A shares: November 26, 2012
Type of securities	Series A shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to provide long-term capital growth. It invests primarily in a mix of mutual funds managed by us and/or other mutual fund managers that invest in U.S. equity securities, and/or directly in U.S. equity securities.

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

Investment strategies

The Fund invests primarily in underlying funds that invest in U.S. equity securities and may also invest in a wide variety of U.S equity securities.

Where the Fund invests in underlying funds, the weightings of those mutual funds may be rebalanced periodically, at the discretion of Manager, so as to allow the Manager to use an investment approach that manages risk and increases potential return to the Fund.

The Fund may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The Fund may invest up to 100% of its assets in foreign securities, including up to 30% of its assets in securities listed outside the U.S. as well as in ADRs of foreign domiciled companies.

The Fund and an underlying fund may use derivatives, such as options, forwards and swaps, in order 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. They will only use derivatives as permitted by securities regulations.

The Fund and an underlying fund 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. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *Specific Risks of Mutual Funds – Short selling risk*.

The Fund and an underlying fund may, to the extent permitted by securities regulations, enter into securities lending transactions, repurchase and reverse repurchase transactions to achieve the Fund's overall investment objectives and to earn additional income or enhance returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them, see *Specific Risks of Mutual Funds – Securities lending risk and Repurchase and reverse repurchase transaction risk*.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds.*

What are the risks of investing in the Fund

To the extent that the Fund invests in underlying funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that fund. The Fund will also have the risks relating to any direct investment it makes.

The risks of investing in this Fund may include the following:

- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk

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

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 29.8% of the net assets of the Fund were invested in Scotia Private U.S. Large Cap Growth Pool Series I, up to 29.7% of the net assets of the Fund were invested in Scotia Private U.S. Value Pool Series I, up to 20.0% of the net assets of the Fund were invested in CI American Small Companies Fund Class I, up to 10.6% of the net assets of the Fund were invested in Dynamic Power American Growth Fund Series O, and up to 10.0% of the net assets of the Fund were invested Scotia U.S. Opportunities Fund Series I.

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 a broad range of U.S. companies;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium to high risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$ 27.06	85.31	149.52	340.36

For additional information refer to "Fees and Expenses" later in this document.

Scotia Private Canadian Equity Class

Fund details

Fund type	Canadian equity fund
Start date	Series M shares: June 25, 2012
Type of securities	Series M shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. 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 securityholders called for that purpose.

Investment strategies

The Fund may obtain exposure to such investments in one or more of the following ways, in any combination:

- by investing directly in such equity securities;
- by investing in units of Scotia Private Canadian Equity Pool (the "underlying fund"); and
- through the use of derivatives to gain exposure to such equity securities.

The portfolio advisor of the Fund and the underlying fund 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 direct and indirect investments and the underlying fund's assets, when considered as a whole, are diversified by industry and company to help reduce risk.

The Fund and the underlying fund will not invest in foreign securities.

The Fund and the underlying fund 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. They will only use derivatives as permitted by securities regulations.

The Fund and the underlying 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 *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk.*

The Fund and the underlying fund 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 *Specific Risks of Mutual Funds – Short selling risk*.

Additional information about the underlying fund is set out in its simplified prospectus, Fund Facts, and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in underlying funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that Fund. To the extent it invests directly in equity securities, the Fund will have the risks associated with investing directly in such equity securities.

The risks of investing in this Fund may include the following:

- class risk
- commodity risk
- credit risk
- derivatives risk
- equity 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
- short selling risk
- significant securityholder risk
- U.S. withholding tax risk

You'll find details about each risk under *Specific Risks of Mutual Funds*.

During the 12 months preceding May 1, 2014, up to 100.0% of the net assets of the Fund were invested in Scotia Private Canadian Equity Pool Series I.

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;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 M shares	$ 2.67	8.40	14.73	33.52

For additional information refer to "Fees and Expenses" later in this document.

Scotia Private U.S. Dividend Class

Fund details

Fund type	U.S. equity fund
Start date	Series M shares: June 25, 2012
Type of securities	Series M shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to achieve a high level of total investment return, including dividend income and long term capital growth. 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 securityholders called for that purpose.

Investment strategies

The Fund may obtain exposure to such investments in one or more of the following ways, in any combination:

- by investing directly in such equity securities;
- by investing in units of Scotia Private U.S. Dividend Pool (the "underlying fund"); and
- through the use of derivatives to gain exposure to such equity securities.

The portfolio advisor of the Fund and the underlying fund seeks to identify companies with high quality business models and a consistent history of paying and/or growing dividends.

Fundamental analysis is used to assess a company's growth potential and valuation, evaluating factors such as quality of management, industry position, its competitive advantage, and the ability to pay dividends. Quantitative and technical factors are also considered.

The Fund and the underlying fund may invest up to 100% of their assets in foreign securities including up to 10% of their assets in dividend paying equity securities listed outside the U.S., as well as ADR's of foreign domiciled companies.

The Fund and the underlying fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities, where the quality and term of each investment is selected according to market conditions.

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

The Fund and the underlying fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve its overall investment objectives and to enhance its returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

The Fund and the underlying fund 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 *Specific Risks of Mutual Funds – Short selling risk*.

Additional information about the underlying fund is set out in its simplified prospectus, Fund Facts, and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in underlying funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that Fund. To the extent it invests directly in equity securities, the Fund will have the risks associated with investing directly in such equity securities.

The risks of investing in this Fund may include the following:

- class 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
- short selling risk
- significant securityholder risk
- U.S. withholding tax risk

You'll find details about each risk under *Specific Risks of Mutual Funds*.

During the 12 months preceding May 1, 2014, up to 100.1% of the net assets of the Fund were invested in Scotia Private U.S. Dividend Pool Series I.

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;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium to high risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 M shares	$ 3.38	10.66	18.69	42.55

For additional information refer to "Fees and Expenses" later in this document.

Scotia Private U.S. Equity Class

Fund details

Fund type	U.S. equity fund
Start date	Series M shares: June 25, 2012
Type of securities	Series M shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. 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 listed on major U.S. stock exchanges.

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

Investment strategies

The Fund may obtain exposure to such investments in one or more of the following ways, in any combination:

- by investing directly in such equity securities;
- by investing in units of Scotia Private U.S. Equity Pool (the "underlying fund"); and
- through the use of derivatives to gain exposure to such equity securities.

The portfolio advisor of the Fund and the underlying fund uses fundamental analysis to identify investments that have the potential for above-average growth over the long term. The Fund's direct and indirect investments and the underlying fund's assets are diversified by industry and company to help reduce risk.

The Fund and the underlying fund may invest up to 100% of their assets in foreign securities, including up to 10% of their assets in securities of companies listed on an exchange located outside the U.S.

The Fund and the underlying fund 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. They will only use derivatives as permitted by securities regulations.

The Fund and the underlying fund may participate in repurchase, reverse repurchase and securities lending transactions to achieve its overall investment objectives and to enhance its returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk.*

The Fund and the underlying fund 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 *Specific Risks of Mutual Funds – Short selling risk*.

Additional information about the underlying fund is set out in its simplified prospectus, Fund Facts, and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in underlying funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that Fund. To the extent it invests directly in equity securities, the Fund will have the risks associated with investing directly in such equity securities.

The risks of investing in this Fund may include the following:

- class 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
- short selling risk
- significant securityholder risk
- U.S. withholding tax risk

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 100.0% of the net assets of the Fund were invested in Scotia Private U.S. Equity Pool Series I.

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;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium to high risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 M shares	$ 3.59	11.31	19.82	45.12

For additional information refer to "Fees and Expenses" later in this document.

Scotia Global Dividend Class

Fund details

Fund type	Global equity fund
Start date	Series A shares: May 28, 2012
Type of securities	Series A shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario
Portfolio 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 securityholders called for that purpose.

Investment strategies

The Fund may obtain exposure to such investments in one or more of the following ways, in any combination:

- by investing directly in such equity and/or other income producing securities;
- by investing in units of Scotia Global Dividend Fund (the "underlying fund"); and
- through the use of derivatives to gain exposure to such equity and/or other income producing securities.

The portfolio advisor of the Fund and the underlying fund 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 Fund may invest up to 100% of its assets in foreign securities.

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

The Fund and the underlying fund may hold cash, and may invest in fixed income securities of any quality or term and other income producing securities, where the quality and term of each investment is selected according to market conditions.

The Fund and the underlying fund may 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. They will only use derivatives as permitted by securities regulations.

This Fund and the underlying 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 or enhance returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

The Fund and the underlying fund 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 *Specific Risks of Mutual Funds – Short selling risk*.

In the event of adverse market, economic and/or political conditions, the assets of the Fund and the underlying fund may be primarily invested in a combination of equity securities and 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.

Additional information about the underlying fund is set out in its simplified prospectus, Fund Facts, and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in underlying funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that Fund. To the extent it invests directly in equity and other income-producing securities, the Fund will have the risks associated with investing directly in such equity and other income-producing securities.

The risks of investing in this Fund may include the following:

- class 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
- short selling risk
- significant securityholder risk
- U.S. withholding tax risk

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 100.0% of the net assets of the Fund were invested in Scotia Global Dividend Fund Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want the potential for long term growth from investing in companies anywhere in the world;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium to high risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$ 26.55	83.69	146.69	333.91

For additional information refer to "Fees and Expenses" later in this document.

Scotia International Equity Blend Class

Fund details

Fund type	International equity fund
Start date	Series A shares: November 26, 2012
Type of securities	Series A shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to provide long-term capital growth. It invests primarily in a diversified mix of mutual Funds managed by us and/or other mutual fund managers that invest in companies located outside of the U.S and Canada, and/or directly in equity securities of companies that are 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 securityholders called for that purpose.

Investment strategies

The Fund invests primarily in underlying funds that invest in equity securities of companies located outside of the U.S. and Canada and may also invest in equity securities of companies located outside of the U.S. and Canada.

Where the Fund invests in underlying funds, the weightings of those mutual funds may be rebalanced periodically, at the discretion of Manager, so as to allow the Manager to use an investment approach that manages risk and increases potential return to the Fund.

The Fund may hold a portion of its assets in cash or money market instruments while seeking investment opportunities or for defensive purposes.

The Fund may invest up to 100% of its assets in foreign securities.

The Fund and an underlying fund may use derivatives, such as options, forwards and swaps, in order 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. They will only use derivatives as permitted by securities regulations.

The Fund and an underlying fund 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. For a more detailed description of short selling and the limits within which the underlying fund may engage in short selling, please refer to *Specific Risks of Mutual Funds – Short selling risk*.

The Fund and an underlying fund may, to the extent permitted by securities regulations, enter into securities lending transactions, repurchase and reverse repurchase transactions to achieve the Fund's overall investment objectives and to earn additional income or enhance returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them, see *Specific Risks of Mutual Funds – Securities lending risk and Repurchase and reverse repurchase transaction risk*.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds.*

What are the risks of investing in the Fund

To the extent that the Fund invests underlying funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that Fund. The Fund will also have the risks relating to any direct investment it makes.

The risks of investing in this Fund may include the following:

- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk

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

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 59.5% of the net assets of the Fund were invested in Scotia Private International Equity Pool Series I, up to 10.2% of the net assets of the Fund were invested in CI Black Creek International Equity Corporate Class I, up to 10.1% of the net assets of the Fund were invested Scotia Private International Small to Mid Cap Value Pool Series I, up to 10.1% of the net assets of the Fund were invested in Scotia Private Emerging Markets Pool Series I, and up to 10.0% of the net assets of the Fund were invested in CI International Value Class I.

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 located outside the U.S. and Canada;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium to high risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$ 26.55	83.69	146.69	333.91

For additional information refer to "Fees and Expenses" later in this document.

Scotia INNOVA Income Portfolio Class

The Fund is currently closed to new purchases or switches of securities from other funds into this Fund. The Fund may be re-opened at a later date.

Fund type	Canadian fixed income balanced fund
Start date	Series A shares: May 28, 2012
Type of securities	Series A shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to achieve a balance of income and long term capital appreciation, with a significant bias towards income. It invests primarily in a diversified mix of mutual funds, and/or equity securities and/or fixed income securities located anywhere in the world.

It may also invest a portion of its assets in units of one or more LP Funds which make use of forward contracts, deposit notes or other derivatives in order to gain exposure to the return of mutual funds managed by the Manager or an affiliate thereof.

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

Investment strategies

The Fund 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 Fund invests.

Asset Class	Target Weighting
Fixed Income	75%
Equities	25%

The Fund may invest, directly or indirectly through underlying funds, in a wide variety of equity and fixed income securities. The underlying funds, equity securities and fixed income securities in which the Fund invests may change from time to time, but in general we will keep the weighting for each asset class no more than 20% above or below the amounts set out above. You'll find more information on investing in underlying funds in *Investing in other mutual funds*. Although up to 100% of the Fund's assets may be invested in underlying funds, once the Fund reaches a sufficient size, the portfolio advisor may determine that it is more efficient to invest the Fund directly in securities in one or more asset classes. The Fund may also retain cash to fund its expenses and/or meet its redemption requirements to securityholders who elect to receive cash. The Fund may also invest in money market instruments pending investment.

As part of its mandate, the portfolio advisor uses a tax managed strategy in which it seeks to minimize net taxable income which is accomplished through a yield management strategy, designed to achieve lower net income, while managing portfolio risk. The yield management strategy entails a shift in portfolio asset holdings from higher-yielding fixed income securities to lower yielding fixed income securities that have lower volatility. This strategy is a tax-managed strategy because it shifts from higher-yielding fixed income securities to lower-yielding fixed income securities that produce less gross income. In order to manage the potential change in volatility resulting from a shift from higher-yielding fixed income securities to lower-yielding fixed income securities, there may be a shift to lower volatility equity securities.

The Fund may invest a portion of its assets in units of one or more LP Funds, each of which may enter into one or more forward contracts under which it purchases or sells Canadian equity securities as described below, may purchase deposit notes or enter into other derivatives transactions, for a price determined by reference to the net asset value of Scotia Private Canadian Corporate Bond Pool (in respect of Scotia Canadian Corporate Bond LP), Scotia Private Short-Mid Government Bond Pool (in respect of Scotia Conservative Government Bond LP) and Scotia Canadian Income Fund (in respect of Scotia Canadian Income LP), as applicable (each, a "Reference Fund"), less the costs of the forward contracts and hedging.

Up to 40% of the Fund's assets may be exposed to foreign securities.

Under the terms of a forward contract, an LP Fund would agree to sell the Canadian equity securities at maturity of the forward contract (or may settle in whole or in part, earlier in order to fund distributions or redemptions, for example), for a price determined by reference to the net asset value of the relevant Reference Fund, less the costs of the forward contracts and hedging. In the case of certain early termination events, the LP Fund may be required to pay defined costs of the counterparty, including in relation to its loss of ability to hedge. In certain circumstances the counterparty may be able to postpone a payment due to the LP Fund.

The Canadian equity securities or other securities acceptable to the counterparty would be pledged to the counterparty as security for the obligations of the LP Fund under the forward contract.

An LP Fund allocates to its unitholders their shares of gains or losses realized on the sale of the Canadian equity securities by the LP Fund to the counterparty under the forward contract. The Corporation intends to make an election under the Tax Act to treat all gains and losses on the disposition of Canadian securities as capital gains or capital losses and it is expected that the Corporation's share of such gains or losses will be treated as capital gains or capital losses for tax purposes.

The recently enacted derivative forward agreement rules ("**DFA Rules**") in the Tax Act target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are expected to apply to forward contracts entered into by the LP Funds. If the DFA Rules were to apply to forward contracts entered into by the LP Funds, the gains on the forward contracts would be treated as ordinary income instead of capital gains.

As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

The Fund, each LP Fund and each Reference Fund 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, to gain exposure to financial markets, and to adjust the average term to maturity. They will only use derivatives as permitted by securities regulations.

The Fund and the underlying funds 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 *Specific Risks of Mutual Funds – Short selling risk*.

The Fund, the LP Funds and the Reference Funds 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 *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

Additional information about each LP Fund and each Reference Fund is set out in its simplified prospectus, Fund Facts and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in, or has exposure to, underlying funds, including a Reference Fund, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in, or has exposure to, that fund. To the extent it invests directly in equity and fixed income securities, the Fund will have the risks associated with investing directly in such equity and fixed income securities.

The risks of investing in this Fund may include the following:

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

- emerging markets risk
- equity risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- until January 1, 2015, reference forward risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- significant securityholder risk
- short selling risk
- small company risk
- until January 1, 2015, taxation risk
- U.S. withholding tax risk.

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 30.4% of the net assets of the Fund were invested in Scotia Canadian Income LP Series I, up to 17.2% of the net assets of the Fund were invested in Scotia Conservative Government Bond LP Series I, and up to 11.2% of the net assets of the Fund were invested in Scotia Canadian Corporate Bond LP Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want a balanced holding with a significant bias towards fixed income securities, which is diversified by asset class, investment style, geography and market capitalization;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept low to medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends would be distributed by year end.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$ 19.68	62.04	108.74	247.53

For additional information refer to "Fees and Expenses" later in this document.

Scotia INNOVA Balanced Income Portfolio Class

Fund details

Fund type	Canadian neutral balanced fund
Start date	Series A shares: May 28, 2012 Series T shares: May 26, 2014
Type of securities	Series A and T shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to achieve a balance of income and long term capital appreciation, with a bias towards income. It invests primarily in a diversified mix of mutual funds, and/or equity securities and/or fixed income securities located anywhere in the world.

It may also invest a portion of its assets in units of one or more LP Funds which make use of forward contracts, deposit notes or other derivatives in order to gain exposure to the return of mutual funds managed by the Manager or an affiliate thereof.

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

Investment strategies

The Fund 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 Fund invests.

Asset Class	Target Weighting
Fixed Income	60%
Equities	40%

The Fund may invest, directly or indirectly through underlying funds, in a wide variety of equity and fixed income securities. The underlying funds, equity securities and fixed income securities in which the Fund invests may change from time to time, but in general we will keep the weighting for each asset class no more than 20% above or below the amounts set out above. You'll find more information on investing in underlying funds in *Investing in other mutual funds*. Although up to 100% of the Fund's assets may be invested in underlying funds, once the Fund reaches a sufficient size, the portfolio advisor may determine that it is more efficient to invest the Fund directly in securities in one or more asset classes. The Fund may also retain cash to fund its expenses, meet its redemption requirements and/or fund monthly distributions to securityholders. The Fund may also invest in money market instruments pending investment.

As part of its mandate, the portfolio advisor uses a tax managed strategy in which it seeks to minimize net taxable income which is accomplished through a yield management strategy, designed to achieve lower net income, while managing portfolio risk. The yield management strategy entails a shift in portfolio asset holdings from higher-yielding fixed income securities to lower yielding fixed income securities that have lower volatility. This strategy is a tax-managed strategy because it shifts from higher-yielding fixed income securities to lower-yielding fixed income securities that produce less gross income. In order to manage the potential change in volatility resulting from a shift from higher-yielding fixed income securities to lower-yielding fixed income securities, there may be a shift to lower volatility equity securities.

The Fund may invest a portion of its assets in units of one or more LP Funds, each of which may enter into one or more forward contracts under which it purchases or sells Canadian equity securities as described below, may purchase deposit notes or enter into other derivatives transactions, for a price determined by reference to the net asset value of Scotia Private Canadian Corporate Bond Pool (in respect of Scotia Canadian Corporate Bond LP), Scotia Private Short-Mid Government Bond Pool (in respect of Scotia Conservative Government Bond LP) and Scotia Canadian Income Fund (in respect of Scotia Canadian Income LP), as applicable (each, a "Reference Fund"), less the costs of the forward contracts and hedging.

Up to 60% of the Fund's assets may be exposed to foreign securities.

Under the terms of a forward contract, an LP Fund would agree to sell the Canadian equity securities at maturity of the forward contract (or may settle in whole or in part, earlier in order to fund distributions or redemptions, for example), for a price determined by reference to the net asset value of a Reference Fund, less the costs of the forward contracts and hedging. In the case of certain early termination events, the LP Fund may be required to pay defined costs of the counterparty, including in relation to its loss of ability to hedge. In certain circumstances the counterparty may be able to postpone a payment due to the LP Fund.

The Canadian equity securities or other securities acceptable to the counterparty would be pledged to the counterparty as security for the obligations of the LP Fund under the forward contract.

An LP Fund allocates to its unitholders their shares of gains or losses realized on the sale of the Canadian equity securities by the LP Fund to the counterparty under the forward contract. The Corporation intends to make an election under the Tax Act to treat all gains and losses on the disposition of Canadian securities as capital gains or capital losses and it is expected that the Corporation's share of such gains or losses will be treated as capital gains or capital losses for tax purposes.

The recently enacted derivative forward agreement rules ("**DFA Rules**") in the Tax Act target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are expected to apply to forward contracts entered into by the LP Funds. If the DFA Rules were to apply to forward contracts entered into by the LP Funds, the gains on the forward contracts would be treated as ordinary income instead of capital gains.

As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

The Fund, each LP Fund and each Reference Fund 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, to gain exposure to financial markets, and to adjust the average term to maturity. They will only use derivatives as permitted by securities regulations.

The Fund, the LP Funds and the Reference Funds 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 *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

The Fund and the underlying funds 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 *Specific Risks of Mutual Funds – Short selling risk.*

Additional information about each LP Fund and each Reference Fund is set out in its simplified prospectus, Fund Facts and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in, or has exposure to, underlying funds, including a Reference Fund, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in, or exposure to, that fund. To the extent it invests directly in equity and fixed income securities, the Fund will have the risks associated with investing directly in such equity and fixed income securities.

The risks of investing in this Fund may include the following:

- asset-backed and mortgage-backed securities risk
- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk

- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- until January 1, 2015, reference forward risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- significant securityholder risk
- short selling risk
- small company risk
- until January 1, 2015, taxation risk
- U.S. withholding tax risk.

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 22.4% of the net assets of the Fund were invested in Scotia Canadian Income Fund Series I, up to 22.0% of the net assets of the Fund were invested in Scotia Canadian Income LP Series I, and up to 10.3% of the net assets of the Fund were invested in Scotia Canadian Dividend Fund Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want a balanced holding with a bias towards fixed income securities, which is diversified by asset class, investment style, geography and market capitalization;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept low to medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends will be distributed by year end.

Investors holding Series T shares will receive stable monthly distributions, which will likely represent return of capital, but may also include ordinary dividends and/or capital gains dividends.

The dollar amount of your monthly distribution maybe reset at the beginning of each calendar year. The distribution amount will be a factor of the payout rate for Series T shares (which is currently expected to remain at or about 4%) and the number of Series T shares of the Fund you own at the time of the distribution.

The payout rate for Series T shares of the Fund may be adjusted in the future, if we determine that conditions require an adjustment of distributions or that payment of a distribution would have a negative effect on the investors in the Fund. Distributions by this Fund are not guaranteed to occur on a specific date and neither we nor the Fund is responsible for any fees or charges incurred by you because the Fund did not effect a distribution on a particular day.

Investors should not confuse the return of capital or dividend distribution with the Funds rate of return or yield.

The payout rate on Series T shares of the Fund may be greater than the return on the Fund's investments. A return of capital made to you is not taxable, but generally will reduce the adjusted cost base of your shares for tax purposes. However, if the dividends are reinvested in additional shares of the Fund, the adjusted cost base will increase by the amount reinvested.

Please see *Income Tax Considerations for Investors* for more details.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$	20.71	65.27	114.41	260.43

No information is available for Series T shares as this series was not operational at the end of the last completed financial year. For additional information refer to "Fees and Expenses" later in this document.

Scotia INNOVA Balanced Growth Portfolio Class

Fund details

Fund type	Global equity balanced fund
Start date	Series A shares: May 28, 2012 Series T shares: May 26, 2014
Type of securities	Series A and T shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to achieve a balance of income and long term capital appreciation, with a bias towards capital appreciation. It invests primarily in a diversified mix of mutual funds, and/or equity securities and/or fixed income securities located anywhere in the world.

It may also invest a portion of its assets in units of one or more LP Funds which make use of forward contracts, deposit notes or other derivatives in order to gain exposure to the return of mutual funds managed by the Manager or an affiliate thereof.

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

Investment strategies

The Fund 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 Fund invests.

Asset Class	Target Weighting
Fixed Income	40%
Equities	60%

The Fund may invest, directly or indirectly through underlying funds, in a wide variety of equity and fixed income securities. The underlying funds, equity securities and fixed income securities in which the Fund invests may change from time to time, but in general we will keep the weighting for each asset class no more than 20% above or below the amounts set out above. You'll find more information on investing in underlying funds in *Investing in other mutual funds*. Although up to 100% of the Fund's assets may be invested in underlying funds, once the Fund reaches a sufficient size, the portfolio advisor may determine that it is more efficient to invest the Fund directly in securities in one or more asset classes. The Fund may also retain cash to fund its expenses, meet its redemption requirements and/or fund monthly distributions to securityholders who elect to receive cash. The Fund may also invest in money market instruments pending investment.

As part of its mandate, the portfolio advisor uses a tax managed strategy in which it seeks to minimize net taxable income which is accomplished through a yield management strategy, designed to achieve lower net income, while managing portfolio risk. The yield management strategy entails a shift in portfolio asset holdings from higher-yielding fixed income securities to lower yielding fixed income securities that have lower volatility. This strategy is a tax-managed strategy because it shifts from higher-yielding fixed income securities to lower-yielding fixed income securities that produce less gross income. In order to manage the potential change in volatility resulting from a shift from higher-yielding fixed income securities to lower-yielding fixed income securities, there may be a shift to lower volatility equity securities.

The Fund may invest a portion of its assets in units of one or more LP Funds, each of which may enter into one or more forward contracts under which it purchases or sells Canadian equity securities as described below, may purchase deposit notes or enter into other derivatives transactions, for a price determined by reference to the net asset value of Scotia Private Canadian Corporate Bond Pool (in respect of Scotia Canadian Corporate Bond LP), Scotia Private Short-Mid Government Bond Pool (in respect of Scotia Conservative Government Bond LP) and Scotia Canadian Income Fund (in respect of Scotia Canadian Income LP), as applicable (each, a "Reference Fund"), less the costs of the forward contracts and hedging.

Up to 80% of the Fund's assets may be exposed to foreign securities.

Under the terms of a forward contract, an LP Fund would agree to purchase or sell the Canadian equity securities at maturity of the forward contract (or may settle in whole or in part, earlier in order to fund distributions or redemptions, for example), for a price determined by reference to the net asset value of a Reference Fund, less the costs of the forward contracts and hedging. In the case of certain early termination events, the LP Fund may be required to pay defined costs of the counterparty, including in relation to its loss of ability to hedge. In certain circumstances the counterparty may be able to postpone a payment due to the LP Fund.

The Canadian equity securities or other securities acceptable to the counterparty would be pledged to the counterparty as security for the obligations of the LP Fund under the forward contract.

An LP Fund allocates to its unitholders their shares of gains or losses realized on the sale of the Canadian equity securities by the LP Fund to the counterparty under the forward contract. The Corporation intends to make an election under the Tax Act to treat all gains and losses on the disposition of Canadian securities as capital gains or capital losses and it is expected that the Corporation's share of such gains or losses will be treated as capital gains or capital losses for tax purposes.

The recently enacted derivative forward agreement rules ("**DFA Rules**") in the Tax Act target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are expected to apply to forward contracts entered into by the LP Funds. If the DFA Rules were to apply to forward contracts entered into by the LP Funds, the gains on the forward contracts would be treated as ordinary income instead of capital gains.

As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

The Fund, each LP Fund and each Reference Fund 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, to gain exposure to financial markets, and to adjust the average term to maturity. They will only use derivatives as permitted by securities regulations.

The Fund, the LP Funds and the Reference Funds 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 *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

The Fund and the underlying funds 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 *Specific Risks of Mutual Funds – Short selling risk*.

Additional information about each LP Fund and each Reference Fund is set out in its simplified prospectus, Fund Facts and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in, or has exposure to, underlying funds, including a Reference Fund, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in, or exposure to, that fund. To the extent it invests directly in equity and fixed income securities, the Fund will have the risks associated with investing directly in such equity and fixed income securities.

The risks of investing in this Fund may include the following:

- asset-backed and mortgage-backed securities risk
- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk

- equity risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- until January 1, 2015, reference forward risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- significant securityholder risk
- short selling risk
- small company risk
- until January 1, 2015, taxation risk
- U.S. withholding tax risk.

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 18.3% of the net assets of the Fund were invested in Scotia Canadian Income LP Series I, up to 17.3% of the net assets of the Fund were invested in Scotia Canadian Income Fund Series I, up to 12.3% of the net assets of the Fund were invested in Scotia Canadian Dividend Fund Series I, and up to 11.6% of the net assets of the Fund were invested in Scotia Private International Equity Pool Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want a balanced holding with a bias towards equity, which is diversified by asset class, investment style, geography and market capitalization;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends will be distributed by year end.

Investors holding Series T shares will receive stable monthly distributions, which will likely represent return of capital, but may also include ordinary dividends and/or capital gains dividends.

The dollar amount of your monthly distribution maybe reset at the beginning of each calendar year. The distribution amount will be a factor of the payout rate for Series T shares (which is currently expected to remain at or about 5%) and the number of Series T shares of the Fund you own at the time of the distribution.

The payout rate for Series T shares of the Fund may be adjusted in the future, if we determine that conditions require an adjustment of distributions or that payment of a distribution would have a negative effect on the investors in the Fund. Distributions by this Fund are not guaranteed to occur on a specific date and neither we nor the Fund is responsible for any fees or charges incurred by you because the Fund did not effect a distribution on a particular day.

Investors should not confuse the return of capital or dividend distribution with the Fund's rate of return or yield.

The payout rate on Series T shares of the Fund may be greater than the return on the Fund's investments. A return of capital made to you is not taxable, but generally will reduce the adjusted cost base of your shares for tax purposes. However, if the dividends are reinvested in additional shares of the fund, the adjusted cost base will increase by the amount reinvested.

Please see *Income Tax Considerations for Investors* for more details.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$ 21.53	67.86	118.94	270.74

No information is available for Series T shares as this series was not operational at the end of the last completed financial year. For additional information refer to "Fees and Expenses" later in this document.

Scotia INNOVA Growth Portfolio Class

Fund details

Fund type	Global equity balanced fund
Start date	Series A shares: May 28, 2012 Series T shares: May 26, 2014
Type of securities	Series A and T shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to achieve a balance of long term capital appreciation and income, with a significant bias towards capital appreciation. It invests primarily in a diversified mix of mutual funds, and/or equity securities and/or fixed income securities located anywhere in the world.

It may also invest a portion of its assets in units of one or more LP Funds which make use of forward contracts, deposit notes or other derivatives in order to gain exposure to the return of mutual funds managed by the Manager or an affiliate thereof.

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

Investment strategies

The Fund 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 Fund invests.

Asset Class	Target Weighting
Fixed Income	25%
Equities	75%

The Fund may invest, directly or indirectly through underlying funds, in a wide variety of equity and fixed income securities. The underlying funds, equity securities and fixed income securities in which the Fund invests may change from time to time, but in general we will keep the weighting for each asset class no more than 20% above or below the amounts set out above. You'll find more information on investing in underlying funds in *Investing in other mutual funds*. Although up to 100% of the Fund's assets may be invested in underlying funds, once the Fund reaches a sufficient size, the portfolio advisor may determine that it is more efficient to invest the Fund directly in securities in one or more asset classes. The Fund may also retain cash to fund its expenses, meet its redemption requirements and/or fund monthly distributions to securityholders who elect to receive cash. The Fund may also invest in money market instruments pending investment.

As part of its mandate, the portfolio advisor uses a tax managed strategy in which it seeks to minimize net taxable income which is accomplished through a yield management strategy, designed to achieve lower net income, while managing portfolio risk. The yield management strategy entails a shift in portfolio asset holdings from higher-yielding fixed income securities to lower yielding fixed income securities that have lower volatility. This strategy is a tax-managed strategy because it shifts from higher-yielding fixed income securities to lower-yielding fixed income securities that produce less gross income. In order to manage the potential change in volatility resulting from a shift from higher-yielding fixed income securities to lower-yielding fixed income securities, there may be a shift to lower volatility equity securities.

The Fund may invest a portion of its assets in units of one or more LP Funds, each of which may enter into one or more forward contracts under which it purchases or sells Canadian equity securities as described below, may purchase deposit notes or enter into other derivatives transactions, for a price determined by reference to the net asset value of Scotia Private Canadian Corporate Bond Pool (in respect of Scotia Canadian Corporate Bond LP), Scotia Private Short-Mid Government Bond Pool (in respect of Scotia Conservative Government Bond LP) and Scotia Canadian Income Fund (in respect of Scotia Canadian Income LP), as applicable (each, a "Reference Fund"), less the costs of the forward contracts and hedging.

Up to 100% of the Fund's assets may be exposed to foreign securities.

Under the terms of a forward contract, the LP Fund would agree to purchase or sell the Canadian equity securities at maturity of a forward contract (or may settle in whole or in part, earlier in order to fund distributions or redemptions, for example), for a price determined by reference to the net asset value of the relevant Reference Fund, less the costs of the forward contracts and hedging. In the case of certain early termination events, the LP Fund may be required to pay defined costs of the counterparty, including in relation to its loss of ability to hedge. In certain circumstances the counterparty may be able to postpone a payment due to the LP Fund.

The Canadian equity securities or other securities acceptable to the counterparty would be pledged to the counterparty as security for the obligations of the LP Fund under the forward contract.

An LP Fund allocates to its unitholders their shares of gains or losses realized on the sale of the Canadian equity securities by the LP Fund to the counterparty under the forward contract. The Corporation intends to make an election under the Tax Act to treat all gains and losses on the disposition of Canadian securities as capital gains or capital losses and it is expected that the Corporation's share of such gains or losses will be treated as capital gains or capital losses for tax purposes.

The recently enacted derivative forward agreement rules ("**DFA Rules**") in the Tax Act target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are expected to apply to forward contracts entered into by the LP Funds. If the DFA Rules were to apply to forward contracts entered into by the LP Funds, the gains on the forward contracts would be treated as ordinary income instead of capital gains.

As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

The Fund, each LP Fund and each Reference Fund 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, to gain exposure to financial markets, and to adjust the average term to maturity. They will only use derivatives as permitted by securities regulations.

The Fund and the underlying funds 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 *Specific Risks of Mutual Funds – Short selling risk*.

The Fund, the LP Funds and the Reference Funds 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 *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk*.

Additional information about each LP Fund and each Reference Fund is set out in its simplified prospectus, Fund Facts and annual information form.

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in, or has exposure to, underlying funds, including a Reference Fund, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in, or exposure to, that fund. To the extent it invests directly in equity and fixed income securities, the Fund will have the risks associated with investing directly in such equity and fixed income securities.

The risks of investing in this Fund may include the following:

- asset-backed and mortgage-backed securities risk
- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk

- equity risk
- foreign investment risk
- fund-of-funds risk
- interest rate risk
- issuer-specific risk
- liquidity risk
- until January 1, 2015, reference forward risk
- repurchase and reverse repurchase transaction risk
- securities lending risk
- series risk
- significant securityholder risk
- short selling risk
- small company risk
- until January 1, 2015, taxation risk
- U.S. withholding tax risk.

You'll find details about each risk under *Specific Risks of Mutual Funds*

During the 12 months preceding May 1, 2014, up to 13.8% of the net assets of the Fund were invested in Scotia Private International Equity Pool Series I, up to 12.4% of the net assets of the Fund were invested in Scotia Canadian Dividend Fund Series I, up to 12.0% of the net assets of the Fund were invested in Scotia Canadian Income Fund Series I, and up to 11.2% of the net assets of the Fund were invested in Scotia Canadian Income LP Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want the growth potential of a balanced holding with a significant bias towards equity, which is diversified by asset class, investment style, geography and market capitalization;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends will be distributed by year end.

Investors holding Series T shares will receive stable monthly distributions, which will likely represent return of capital, but may also include ordinary dividends and/or capital gains dividends.

The dollar amount of your monthly distribution maybe reset at the beginning of each calendar year. The distribution amount will be a factor of the payout rate for Series T shares (which is currently expected to remain at or about 5%) and the number of Series T shares of the Fund you own at the time of the distribution.

The payout rate for Series T shares of the Fund may be adjusted in the future, if we determine that conditions require an adjustment of distributions or that payment of a distribution would have a negative effect on the investors in the Fund. Distributions by this Fund are not guaranteed to occur on a specific date and neither we nor the Fund is responsible for any fees or charges incurred by you because the Fund did not effect a distribution on a particular day.

Investors should not confuse the return of capital or dividend distribution with the Fund's rate of return or yield.

The payout rate on Series T shares of the Fund may be greater than the return on the Fund's investments. A return of capital made to you is not taxable, but generally will reduce the adjusted cost base of your shares for tax purposes. However, if the dividends are reinvested in additional shares of the fund, the adjusted cost base will increase by the amount reinvested.

Please see *Income Tax Considerations for Investors* for more details.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$ 22.65	71.41	125.17	284.92

No information is available for Series T shares as this series was not operational at the end of the last completed financial year. For additional information refer to "Fees and Expenses" later in this document.

Scotia INNOVA Maximum Growth Portfolio Class

Fund details

Fund type	Global equity fund
Start date	Series A shares: May 28, 2012 Series T shares: May 26, 2014
Type of securities	Series A and T shares of a mutual fund corporation
Eligible for registered plans?	Yes
Portfolio advisor	1832 Asset Management L.P. Toronto, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is long term capital appreciation. It invests primarily in a diversified mix of mutual funds and/or equity securities located anywhere in the world.

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

Investment strategies

The Fund is an asset allocation fund. The Fund's target weighting is 80% to100% in equities. The portfolio advisor may invest up to 20% of the Fund's assets in fixed income securities.

The Fund may invest, directly or indirectly through underlying funds, primarily in a wide variety of equity securities. The underlying funds and equity securities in which the Fund invests may change from time to time. You'll find more information on investing in underlying funds in *Investing in other mutual funds*. Although up to 100% of the Fund's assets may be invested in underlying funds, once the Fund reaches a sufficient size, the portfolio advisor may determine that it is more efficient to invest the Fund directly in securities in one or more asset classes.

As part of its mandate, the portfolio advisor uses a tax managed strategy in which it seeks to minimize net taxable income which is accomplished through a yield management strategy, designed to achieve lower net income, while managing portfolio risk. The yield management strategy entails a shift in portfolio asset holdings from higher-yielding fixed income securities to lower yielding fixed income securities that have lower volatility. This strategy is a tax-managed strategy because it shifts from higher-yielding fixed income securities to lower-yielding fixed income securities that produce less gross income. In order to manage the potential change in volatility resulting from a shift from higher-yielding fixed income securities to lower-yielding fixed income securities, there may be a shift to lower volatility equity securities.

Up to 100% of the Fund's assets may be exposed to foreign securities.

The Fund and the underlying funds 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. They will only use derivatives as permitted by securities regulations.

The Fund and the underlying funds 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 *Specific Risks of Mutual Funds – Short selling risk*.

The Fund and the underlying funds may participate in repurchase, reverse repurchase and securities lending transactions to achieve their overall investment objectives and to enhance their returns. For more information about repurchase, reverse repurchase and securities lending transactions and how the Fund limits the risks associated with them see *Specific Risks of Mutual Funds – Repurchase and reverse repurchase transaction risk.*

The Fund may invest in other mutual funds that are managed by us, an affiliate or associate of ours or other mutual fund managers. You'll find more information about investing in other mutual funds under *Investing in other mutual funds*.

What are the risks of investing in the Fund?

To the extent that the Fund invests in underlying funds, it indirectly has the same risks as the underlying funds it holds. The Fund takes on the risks of an underlying fund in proportion to its investment in that fund. To the extent it invests directly in equity securities, the Fund will have the risks associated with investing directly in such equity securities.

The risks applicable to the Fund include:

- class risk
- commodity risk
- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity 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
- 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 fun*d?.

During the 12 months preceding May 1, 2014, up to 18.3% of the net assets of the Fund were invested in Scotia Canadian Income LP Series I, up to 17.3% of the net assets of the Fund were invested in Scotia Canadian Income Fund Series I, up to 12.3% of the net assets of the Fund were invested in Scotia Canadian Dividend Fund Series I, and up to 11.6% of the net assets of the Fund were invested in Scotia Private International Equity Pool Series I.

Who should invest in this Fund?

This Fund may be suitable for you if you:

- want an all equity holding, which is diversified by investment style, geography and market capitalization;
- want the flexibility of switching to other Corporate Funds without realizing immediate capital gains or losses;
- are planning to hold your investment in a non-registered account;
- can accept medium to high risk; and
- are 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.

Dividend policy

The Fund will pay dividends only when declared by the Board of Directors of the Corporation. Dividends will generally only be declared to minimize the tax liability of the Corporation. Any capital gains dividends will be distributed within 60 days following the year end and any other dividends will be distributed by year end.

Investors holding Series T shares will receive stable monthly distributions, which will likely represent return of capital, but may also include ordinary dividends and/or capital gains dividends.

The dollar amount of your monthly distribution maybe reset at the beginning of each calendar year. The distribution amount will be a factor of the payout rate for Series T shares (which is currently expected to remain at or about 5%) and the number of Series T shares of the Fund you own at the time of the distribution.

The payout rate for Series T shares of the Fund may be adjusted in the future, if we determine that conditions require an adjustment of distributions or that payment of a distribution would have a negative effect on the investors in the Fund. Distributions by this Fund are not guaranteed to occur on a specific date and neither we nor the Fund is responsible for any fees or charges incurred by you because the Fund did not effect a distribution on a particular day.

Investors should not confuse the return of capital or dividend distribution with the Fund's rate of return or yield.

The payout rate on Series T shares of the Fund may be greater than the return on the Fund's investments. A return of capital made to you is not taxable, but generally will reduce the adjusted cost base of your shares for tax purposes. However, if the dividends are reinvested in additional shares of the Fund, the adjusted cost base will increase by the amount reinvested.

Please see *Income Tax Considerations for Investors* for more details.

We automatically reinvest all dividends in additional shares of the Fund, unless you tell your mutual fund representative that you want to receive them in cash.

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 shares	$ 24.50	77.23	135.36	308.13

No information is available for Series T shares as this series was not operational at the end of the last completed financial year. For additional information refer to "Fees and Expenses" later in this document.

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 mutual 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 securities of the mutual fund. Each security represents a proportionate share of all of the mutual fund's assets. All of the investors in a mutual fund share in the mutual fund's income, gains and losses. Investors also pay their share of the mutual 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, mutual fund securities are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer, and your investment in the Funds is not guaranteed by The Bank of Nova Scotia.

Under exceptional circumstances, a mutual fund may suspend your right to sell your securities. See *Suspending your right to buy, switch and sell shares* for details.

How mutual funds are structured?

1832 LP offers the Trust Funds, which are mutual fund trusts, and the Corporate Funds, which are classes of the Corporation, a mutual fund corporation. Mutual funds own different kinds of investments depending on their objectives. These include equities, like stocks, fixed income securities like bonds and cash or cash equivalents like treasury bills, or units of other mutual funds, called underlying funds. The Trust Funds invest in securities, which may include securities of other mutual funds that are trusts or corporations. The Corporate Funds invest in securities, which may include securities of other mutual funds that are trusts, corporations or limited partnerships, such as the LP Funds. None of the LP Funds is offered directly to investors. The LP Funds are only available for purchase by other ScotiaFunds. For additional information please refer to the simplified prospectus of the LP Funds. All of these forms of mutual funds allow the pooling of money by all investors, however, there are a few differences you should know about:

- You buy "units" of a mutual fund trust and "shares" of a mutual fund corporation. Units and shares both represent ownership.
- If a mutual fund corporation has more than one investment objective, each investment objective is represented by a separate class of shares. Each class of shares is a separate mutual fund. Shares are issued and redeemed on the basis of the net asset value of the class.
- A mutual fund trust has only one investment objective.
- Both classes of a mutual fund corporation and mutual fund trusts offer different series of securities, each of which has different features, including some that offer distributions of capital. You'll find more information about the different series of shares of a Fund under *Purchases, switches and redemptions*.
- When you switch between series of the same class of a mutual fund corporation or between two classes of a mutual fund corporation, this is called a conversion. In general, a conversion is not considered a disposition for tax purposes so no taxes are payable solely as a result of the conversion. If you switch from one mutual fund trust to another mutual fund trust or to a mutual fund corporation, this is considered a disposition for tax purposes and may give rise to taxable capital gains.
- A mutual fund corporation may decide to sell a particular investment for a variety of reasons such as for investment reasons, in order to raise money to pay the redemption price to shareholders who redeem their investment in the mutual fund

corporation or to support the investment objective of a class that investors switch to. Each class will satisfy any switches or redemptions first from the cash on hand which is attributable to that class. If the level of switches and redemptions in a class at any particular point in time is greater than the cash on hand of the class, portfolio investments attributable to the class may have to be sold in connection with such switches or redemptions. This may give rise to capital gains to the mutual corporation and may cause the corporation to pay capital gains dividends to its shareholders. As a result, shareholders may have to pay taxes as a result of such switches or redemptions.

- A mutual fund corporation with more than one class permits investors to participate together in one taxable entity and to easily change investment objectives without direct tax consequences as a result of the switch feature. For this reason, to the extent that capital gains dividends are allocated, they are generally allocated amongst all classes regardless of which portfolio investments have been sold.
- A mutual fund corporation is a single entity and taxpayer regardless of how many classes it offers. The mutual fund corporation must consolidate its income, capital gains, expenses and capital losses from all the investments made for all classes in order to determine the amount of tax payable. For example, capital gains of one class are offset by capital losses of another class. With mutual fund trusts, the capital losses of one mutual fund trust cannot be offset against the capital gains of another mutual fund trust. Mutual fund trusts are separate taxpayers.
- Assets and liabilities of a mutual fund corporation are allocated either to a specific class or shared amongst multiple classes, depending on the nature of the asset or liability. The Corporation will allocate all of the investments made with subscriptions for a Corporate Fund to that Corporate Fund, and expenses related to acquiring those investments to that Corporate Fund. The Corporation will determine the allocation of other assets and liabilities, to a Corporate Fund or among the Corporate Funds in a manner that is fair and reasonable.
- A mutual fund corporation pays dividends out of income or capital gains, while a mutual fund trust pays distributions out of income or capital gains. Unlike mutual fund trust distributions, dividends are not generally declared regularly by a mutual fund corporation. A mutual fund corporation will have to pay tax on all sources of income other than capital gains if it pays sufficient capital gains dividends. A mutual fund corporation typically pays out sufficient ordinary dividends to recover tax it pays on dividends received from taxable Canadian corporations. A mutual fund trust will not pay taxes on any source of income or capital gains as long as it distributes its net taxable income to securityholders. Both mutual fund corporations and mutual fund trusts may pay distributions out of capital.
- In some cases, the same investment objective and portfolio advisor may be offered both by a mutual fund trust and a class of a multi-class mutual fund corporation, although not all the same series. In such circumstances, the investor has the additional option to select a fund based on the tax consequences most suitable to the investor's needs. A multi-class mutual fund corporation may offer tax advantages to taxable investors, depending on the investment program of the investor.
- While the investment objective of a mutual fund trust and a class of the mutual fund corporation may be identical, the performance of the respective funds may not be identical. While the portfolio advisor will generally seek to fairly allocate portfolio investments between the funds, timing differences will occur in available cash flow to each fund. As a consequence, the price at which a portfolio investment may be bought or sold for one fund may differ from the other fund or some of the investments in the funds may not be the same.

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 shares can vary. When you sell your shares 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 section. This section tells you more about each risk. To the extent that a Fund invests in or has exposure to 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 mutual 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. When investing in 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.

Class risk

Each class of shares of the Corporation represents a separate portfolio of securities which is managed under distinct investment objectives which are not shared with other classes of shares of the Corporation. The liabilities attributed to each class of shares of the Corporation are liabilities of the Corporation as a whole. If the assets attributed to one class of shares of the Corporation are insufficient, assets attributed to other classes may have to be used to cover these liabilities. Although the portfolios are different, and the value of each class is calculated separately, there is a risk that the expenses or liabilities of one class may affect the value of the other classes.

Commodity risk

Some of the 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 debt issued by foreign companies or governments.

Currency risk

When a 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 mutual 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 mutual 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 mutual fund closing out its positions to realize gains or limit losses. At worst, a mutual 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 mutual 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 mutual fund's assets as collateral in a derivative contract. As a result, someone other than the mutual fund's custodian is responsible for the safekeeping of that part of the mutual 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 mutual fund to use certain derivatives.

Please also refer to *Reference forward risk*.

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 mutual 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 Fund invests in, or has exposure to, another mutual fund, the risks associated with investing in that Fund include the risks associated with the securities in which that mutual fund invests, along with the other risks of the Fund. Accordingly, a Fund takes on the risk of another mutual fund and its respective securities in proportion to its investment in, or exposure to, that other mutual fund. If the other mutual fund suspends redemptions, the Fund that invests in, or has exposure to, the other mutual 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 securityholders 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 mutual 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 securityholders 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.

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 mutual 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 mutual fund's assets, changes in the market value of that issuer's securities may cause greater fluctuation in the mutual fund's value than would normally be the case. A less-diversified mutual fund may also suffer from reduced liquidity if a significant portion of its assets is invested in any one issuer. In particular, the mutual fund may not be able to easily liquidate its position in the issuers as required to mutual fund redemption requests.

Generally, mutual funds are not permitted to invest more than 10% of their net 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* ("**NI 81-102**") 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 mutual fund cannot 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.

Reference forward risk

Some of the Funds may seek to have all or part of their returns linked to the performance of securities of a relevant Reference Fund by investing in one or more LP Funds which in turn will enter into forward contracts. As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules. This structure involves certain specific risks to such Funds, including:

Counterparty risk

Certain LP Funds will enter into forward contracts with one or more counterparties pursuant to which the counterparty will be required to sell or purchase from the applicable LP Fund the Canadian equity securities. In entering into a forward contract an LP Fund will be fully exposed to the credit risk associated with the counterparty, which exposure will be determined by reference to the net asset value of securities of the applicable Reference Fund. The LP Funds will have no recourse or rights against the assets of the Reference Funds. A counterparty has no responsibility for the returns on the applicable Reference Fund.

The counterparty to a forward contract may default on its obligations and the rights of the LP Fund may be limited to those of a creditor of the counterparty. Please see *Derivatives risk*.

If an LP Fund is not able to find enough suitable counterparties or if there is a change in tax laws or the interpretation thereof that affects the tax treatment of the investors, a Fund or an LP Fund in a material adverse way, we may, subject to complying with any applicable notice requirements and obtaining any required approvals, terminate the Fund, change its investment objectives or take another course of action in the best interests of the Fund and its investors.

Fluctuations in value of the portfolio securities and dividend risk

By virtue of the forward contracts, the value of the securities of a Fund will vary according to the value of the Reference Fund which, in turn, will vary according to the value of the securities held by the Reference Fund (the "Reference Securities") and distributions received thereon. The value of the Reference Securities will be influenced by factors which are not within the Fund's control, including the financial performance of the respective issuers of Reference Securities, operational risks relating to the specific activities of such issuers, quality of assets owned by such issuers, commodity prices, exchange rates, interest rates, environmental risks, political risks, issues relating to government regulation and other financial market conditions.

Payment delay risk

If a Reference Fund is unable to redeem its securities when a settlement in whole or in part under the forward contract of an LP Fund occurs and the counterparty has hedged its exposure under the forward contract by holding securities of the Reference Fund, the counterparty may be entitled to delay making payment to the LP Fund for the Canadian equity securities to be purchased.

Tracking risk

The return of a Corporate Fund which seeks to have all or part of its returns linked to the performance of the relevant Reference Fund(s) by investing in one or more LP Funds is expected to be lower generally than that of the Reference Fund(s) for a number of reasons. A Corporate Fund will bear its own operating costs and expenses, its proportionate share of the operating costs and expenses of the LP Fund(s), the fees (including the fees charged by the counterparty and any other costs for which the LP Fund is responsible on terminating a forward contract) and its proportionate share of the operating costs and expenses of the Reference Fund(s).

The Corporate Fund may obtain exposure to the Reference Fund(s) only at the times permitted under the forward contract, even though additional cash may be available to the Corporate Fund which it might otherwise wish to invest in the LP Fund. The timing differential can result in certain circumstances in more substantial differences between the performance of the Corporate Fund and the Reference Fund over the time delay period.

If the LP Fund is unable to find one or more counterparties at any time willing to enter into forward contracts on terms that are suitable, the Corporate Fund will not be able to track in whole or in part the Reference Fund.

Repurchase and reverse repurchase transaction risk

Some Funds may enter into repurchase or reverse repurchase agreements to generate additional income. When a 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 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. 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. 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 Fund. Prior to entering into a repurchase agreement, a Fund must ensure that the aggregate value of the securities of the Fund that have been sold pursuant to repurchase transactions, together with any securities loaned, will not exceed 50% of the total value of the assets of the Fund immediately after the Fund enters into the transaction, not including collateral or cash held.

Securities lending risk

Some Funds may enter into securities lending transactions to generate additional income from securities held in a Fund's portfolio. A Fund may lend securities held in its portfolio to qualified borrowers who provide adequate collateral. In lending its securities, a 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 Fund is forced to take possession of the collateral held. Losses could result if the collateral held by the Fund is insufficient, at the time the remedy is exercised, to replace the securities borrowed. 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 Fund must ensure that the aggregate value of the securities loaned together with those that have been sold pursuant to repurchase transactions, will not exceed 50% of the total value of the assets of the Fund immediately after the Fund enters into the transaction, not including collateral or cash held, and the Fund's total exposure to any one entity under these transactions must be less than 10% of the total value of the Fund's assets.

Series risk

Some mutual funds offer more than one series of securities of the same mutual fund. Although the value of each series is calculated separately, there's a risk that the expenses or liabilities of one series of securities 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.

Short selling risk

Certain Funds may engage in a limited amount of short selling. 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 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). 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 Fund and make a profit for the Fund, and securities sold short may instead appreciate in value. The 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 Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender. Each 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 Funds also will deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

Significant securityholder risk

Securities of mutual funds may be purchased and sold by large investors, including other 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.

Taxation risk

Each LP Fund allocates to the Corporation, its share of gains or losses realized on the sale of the Canadian equity securities by the LP Fund to the counterparty under the forward contract.

The recently enacted derivative forward agreement rules ("**DFA Rules**") in the Tax Act target certain financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are expected to apply to forward contracts entered into by the LP Funds. If the DFA Rules were to apply to forward contracts entered into by the LP Funds, the gains on the forward contracts would be treated as ordinary income instead of capital gains.

As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

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 intergovernmental agreement 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.

Under the terms of a recently agreed to intergovernmental agreement between Canada and the U.S. to provide for the implementation of FATCA (the "**Canada-U.S. IGA**"), a Fund will be treated as complying with FATCA and not subject to the 30% withholding tax if the Fund complies with the terms of the Canada-U.S. IGA. Under the terms of the Canada-U.S. IGA, the Fund will not have to enter into an individual FATCA agreement with the IRS but the Fund will be required to register with the IRS and to identify and report certain information on accounts held by U.S. persons owning, directly or indirectly, an interest in the Fund, or held by certain other persons or entities. In addition, the Fund will not have to provide information directly to the IRS but instead will be required to report information to the CRA. The CRA will in turn exchange information with the IRS under the existing provisions of the Canada-U.S. Income Tax Convention. The Canada-U.S. IGA sets out specific accounts that are exempt from being reported, including certain tax deferred plans. By investing in the Fund and providing residency and identity information, through the dealer, the investor is deemed to consent to the Fund disclosing such information to the Canadian tax authorities. If the Fund is unable to comply with any of its obligations under the Canada-U.S. IGA , the imposition of the 30% U.S. withholding tax may affect the net asset value of the Fund and may result in reduced investment returns to securityholders. 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 Fund.

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.

The foregoing rules and requirements may be modified by future amendments of the Canada-U.S. IGA, future U.S. Treasury regulations, and other guidance.

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: • providing or 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.
Board of directors	The Board is responsible for the oversight of the Corporation. The Board is currently comprised of six members, two of whom are not officers or employees of the Corporation. Additional information concerning the Board, including the names of its members, and governance of the Corporation is available in the annual information form.
Principal distributor Scotia Securities Inc. Toronto, Ontario	Scotia Securities Inc. is the principal distributor of the Series A and Series T shares offered under this simplified prospectus. As principal distributor, Scotia Securities Inc. markets and sells the Series A and Series T shares. 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 M shares 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 securityholders of the Funds, process orders and issue tax slips to securityholders.
Auditor PricewaterhouseCoopers LLP Toronto, Ontario	The auditor is an independent firm of chartered professional 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 international financial reporting standards.
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 4. 1832 Asset Management L.P. is wholly-owned by The Bank of Nova Scotia.
Portfolio sub-advisors CI Investments, Inc. Toronto, Ontario	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 will find the portfolio advisor for each Fund in the Fund descriptions starting on page 4. 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.
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 securityholders. 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 securityholders, 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 IRC 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.

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.

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.

Purchases, switches and redemptions

Series A, Series M and Series T shares of the ScotiaFunds are no-load. That means you don't pay a sales commission when you buy, switch or sell these shares through us or our affiliates. Selling your shares is also known as redeeming.

How to place orders

You can open an account and buy, switch or sell the Funds, subject to any specific rules your dealer may have:

- by calling or visiting any Scotiabank branch
- by calling or visiting an office of ScotiaMcLeod or by 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 shares – or its net asset value per share ("**NAVPS**"). All orders are processed using the next NAVPS calculated after the Fund receives the order.

How we calculate net asset value per share

We usually calculate the NAVPS 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 NAVPS.

The NAVPS 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 shares in that series. Common expenses of the Corporation are shared by all Corporate Funds and are allocated based on the relative net asset values of each Corporate Fund and the allocation to a particular Corporate Fund is then treated as a common expense of the Corporate Fund to be shared amongst the series of that Corporate Fund. We may allocate expenses to a particular Corporate Fund when it's reasonable to do so. 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.

About the series of shares

The Funds offered under this simplified prospectus are available in Series A shares, Series T shares and Series M shares only. The series have different fees and are intended for different investors:

- Series A shares are available to all investors.
- Series T shares are intended for investors seeking stable monthly distributions, which will likely represent return of capital, but may also include ordinary dividends. Any capital gains dividends will be included within 60 days following year end.
- Series M shares are available to investors who have signed a discretionary investment management agreement with 1832 Asset Management L.P. or Scotiatrust.

How to buy the Funds

Scotia Short Term Yield Class, Scotia Conservative Government Bond Capital Yield Class, Scotia INNOVA Income Portfolio Class, Scotia Fixed Income Blend Class and Scotia Canadian Corporate Bond Capital Yield Class are closed to new purchases and to switches of securities from other funds into these Funds. The closure does not affect your ability to switch from these Funds to other funds. We may choose to re-open these funds to new purchases in the future.

Minimum investments

The minimum amounts for the initial and each subsequent investment in Series A and Series T shares of the Scotia INNOVA Portfolios is $50,000 and $100, respectively, and in Series A and Series T shares of Scotia Global Dividend Class, Scotia Canadian Dividend Class, Scotia Conservative Government Bond Capital Yield Class , Scotia Fixed Income Blend Class, Scotia Canadian Equity Blend Class, Scotia U.S. Equity Blend Class and Scotia International Equity Blend Class is $1,000 and $50, respectively. For Series M shares of a Fund, the minimum initial investment is generally $250,000. If you buy, sell or switch shares through non-affiliated brokers or dealers you may be subject to higher minimum initial or additional investment amounts.

We can redeem your shares after giving 10 days written notice to you if the value of your investment in any shares of a Fund drops below the minimum initial investment. We may change the minimum amounts for initial and subsequent investments in shares of a Fund at any time, from time to time, and on a case by case basis, subject to applicable securities legislation.

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 (or in the case of Scotia Short Term Yield Class, 90 days). See *Short term trading* for details.
- You have to pay for your shares 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 shares on the next business day. If the proceeds from the sale are more than the cost of buying the shares, the Fund will keep the difference. If the proceeds are less than the cost of buying the shares, 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. If you used a dealer or broker to place the order then your dealer or broker may make provision in its arrangements with you that it will be entitled to reimbursement from you of the shortfall together with any additional costs and expenses suffered by it in connection with a failed settlement of a purchase of shares of a Fund caused by you.
- Your broker, dealer or we will send you a confirmation of your purchase once your order is processed. If you buy shares 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 from one ScotiaFund to another ScotiaFund, as long as you're eligible to hold the particular series of the ScotiaFund into which you switch. A switch involves moving money from the Fund to another ScotiaFund. Generally, a switch may be an order to sell and buy or to convert your securities. We describe these kinds of switches below. When we receive your order, we'll sell or convert your securities from the Fund and use the proceeds to buy the second ScotiaFund. The steps for buying and selling a ScotiaFund also apply to switches. A Fund may also charge you a short term or frequent trading fee if you switch your securities within 31 days (or, in the case of Scotia Short Term Yield Class, within 90 days) of buying them, or if you have made multiple switches within ten calendar days of purchase. See *Short term trading* for details.

Switching between corporate funds and series of a corporate fund

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

Switching between corporate funds and trust funds

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

More about switching

- The rules for buying and selling shares also apply to switches.
- You can switch between Funds valued in the same currency.
- Your broker, dealer or we will send you a confirmation once your order is processed.

How to sell your shares

In general, your instructions to sell must be in writing, and your bank, 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 shares of a Fund, within 31 days of buying them (or, in the case of Scotia Short Term Yield Class, within 90 days), you may have to pay a short term trading fee. See *Short term trading* for details.

You can also sell shares on a regular basis by setting up an automatic withdrawal plan. See *Optional services* for details.

We may redeem your shares under certain circumstances. See *U.S. withholding tax risk* in this simplified prospectus and *Shares of the Funds – Redemption* in the annual information form for further 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 shares as of the close of business on the 10th business day. If the cost of buying the shares is less than the sale proceeds, the Fund will keep the difference. If the cost of buying the shares 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. If you used a dealer or broker to place the order then your dealer or broker may make provision in its arrangements with you that it will be entitled to reimbursement from you of the shortfall together with any additional costs and expenses suffered by it in connection with a failed redemption of shares of a Fund caused by you.
- 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 your shares in a non-registered account, you will experience a taxable disposition which for most securityholders 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 shares through the automatic withdrawal plan, you will receive a confirmation only for the first withdrawal.

Suspending your right to buy, switch and sell shares

Securities regulations allow us to temporarily suspend your right to sell your Fund shares 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% by value or underlying market exposure of the total assets of the Fund without allowance for liabilities are traded and there's no other exchange where these securities or derivatives are traded that represents a reasonably practical alternative for the Fund; or
- with the approval of securities regulators.

We may also suspend your right to sell your shares and postpone payment of your sale proceeds if the Fund in which you are invested is invested in an LP Fund or an underlying fund and such LP Fund or underlying fund suspends the Fund's right to redeem its investment.

We will not accept orders to buy shares of a Fund during any period when we've suspended investors' rights to sell their shares. You may withdraw your sell order before the end of the suspension period. Otherwise, we'll sell your shares at the NAVPS next calculated when the suspension period ends.

Short term trading

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. 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 shares within 31 days of buying them (within 90 days of buying them in the case of Scotia Short Term Yield Class). The short term trading fee does not apply to:

- 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 securities of one Fund between two accounts belonging to the same securityholder;
- regularly scheduled RRIF or LIF (defined below) 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 or 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**") for Series A and Series T shares of the Funds 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 TFSAs. 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 subsequent purchase of shares made under a pre-authorized contribution (as that right only exists with respect to initial purchases under a PAC), 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.

Automatic withdrawal plan

Automatic withdrawal plans let you receive regular cash payments from your Funds. The minimum balance needed to start the plan is $50,000 for the Portfolios and $10,000 for all other Funds and the minimum for each withdrawal is $50.

More about the automatic withdrawal plan

- The automatic withdrawal plan is only available for non-registered accounts and for Series A and Series T.
- You can choose to receive payments monthly, quarterly, semi-annually or annually.
- We'll automatically sell the necessary number of shares to make payments to your bank account at any Canadian financial institution or by cheque.
- If you sell shares within 31 days of buying them (or, in the case of Scotia Short Term Yield Class, within 90 days), you may have to pay a short term trading fee. See *Short term trading* for details.
- If you hold your shares 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 shares are earning, you'll eventually use up your investment.

Registered plans

Scotia registered plans, including RRSPs, RRIFs, RDSPs, locked-in retirement accounts ("**LIRAs**"), locked-in retirement savings plans ("**LRSPs**"), life income funds ("**LIFs**"), locked-in retirement income funds ("**LRIFs**"), prescribed retirement income fund ("**PRIF**"), RESPs and tax-free savings account ("**TFSAs**") are available from your dealer or advisor at a Scotibank branch. 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 shares 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 shares. GST is currently charged at a rate of 5% and HST is currently charged at a rate of between 12% and 15% depending on the province. Changes in HST rates, the adoption of HST by additional provinces, the repeal of HST by HST-participating provinces and changes in the location of the Fund investors may affect the amount of HST paid by the Funds each 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

The management fees cover the costs of managing the Funds, arranging for investment analysis, recommendations and investment decision making for the Funds, arranging for distribution of the Funds, marketing and promotion of the Funds and providing or arranging for other services.

Each Fund pays us a management fee with respect to each series of shares. The fee is calculated and accrued daily and paid monthly. The maximum annual management fee for Series M shares of each Fund is 0.50%. The maximum annual rates of the management fee, which are a percentage of the net asset values ("**NAV**") for Series A and Series T shares of each Fund are as follows:

Fund	Maximum annual management fee	
	Series A	Series T
Scotia Conservative Government Bond Capital Yield Class	1.10%	–
Scotia Fixed Income Blend Class	1.25%	–
Scotia Canadian Dividend Class	1.50%	–
Scotia Canadian Equity Blend Class	1.85%	–
Scotia U.S. Equity Blend Class	1.95%	–
Scotia Global Dividend Class	2.00%	–
Scotia International Equity Blend Class	2.00%	–
Scotia INNOVA Income Portfolio Class	1.60%	–
Scotia INNOVA Balanced Income Portfolio Class	1.70%	1.70%
Scotia INNOVA Balanced Growth Portfolio Class	1.80%	1.80%
Scotia INNOVA Growth Portfolio Class	1.90%	1.90%
Scotia INNOVA Maximum Growth Portfolio Class	2.00%	2.00%

Management fee rebates

The Manager may agree to waive a portion of the management fee that it would otherwise be entitled to receive from a Fund with respect to a shareholder's investment in the Fund (called a management fee rebate). We will rebate the amount of the reduction directly to the shareholder. The rebate is negotiable and is reinvested in the Fund. We may discontinue management fee rebates by giving written notice to you or to your broker or dealer. In this way, the cost of the management fee rebates is effectively borne by the Manager, not the Funds as the Funds are paying a discounted management fee.

Administration fees and other operating expenses

The Manager pays certain operating expenses of the Funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and Fund valuation costs, custody fees, audit and legal fees, costs of preparing and distributing annual and semi-annual reports, prospectuses, fund facts and statements and investor communications. In return, each Fund pays a fixed administration fee. The fee is calculated and accrued daily and paid monthly. The administration fee may vary by series of shares and by Fund. The maximum annual rates of the administration fee, which are a percentage of the NAV for Series A, Series M and Series T shares of each Fund are as follows:

Fund	Maximum annual administration fee		
	Series A	Series M	Series T
Scotia Short Term Yield Class	–	0.05%	–
Scotia Conservative Government Bond Capital Yield Class	0.10%	0.05%	–
Scotia Canadian Corporate Bond Capital Yield Class	–	0.08%	–
Scotia Fixed Income Blend Class	0.10%	–	–
Scotia Canadian Dividend Class	0.10%	0.08%	–
Scotia Canadian Equity Blend Class	0.15%	–	–
Scotia U.S. Equity Blend Class	0.20%	–	–
Scotia Private Canadian Equity Class	–	0.10%	–
Scotia Private U.S. Dividend Class	–	0.15%	–
Scotia Private U.S. Equity Class	–	0.15%	–
Scotia Global Dividend Class	0.30%	–	–
Scotia International Equity Blend Class	0.30%	–	–
Scotia INNOVA Income Portfolio Class	0.10%	–	–
Scotia INNOVA Balanced Income Portfolio Class	0.10%	–	0.10%
Scotia INNOVA Balanced Growth Portfolio Class	0.10%	–	0.10%
Scotia INNOVA Growth Portfolio Class	0.10%	–	0.10%
Scotia INNOVA Maximum Growth Portfolio Class	0.10%	–	0.10%

Each Fund also pays certain operating expenses directly, including the costs and expenses related to the board of directors of the Corporation, the IRC of the Funds, the cost of any new government or regulatory requirements, including, without limitation, costs associated with complying with International Financial Reporting Standards, new fees introduced by a securities regulator or other government authority that is based on the assets or other criteria of the Funds, any transaction costs, including all fees and costs related to derivatives, and any borrowing costs (collectively, *other fund costs*), and taxes (including, but not limited to, GST or HST, as applicable).

The purchase price of all securities and other property acquired by or on behalf of the Funds (including, but not limited to, brokerage fees, commissions and service charges paid in connection with the purchase and sale of such securities and other property) are considered capital costs paid directly by the Funds and therefore are not considered part of the operating expenses of the Funds paid by the Manager.

Other fund costs will be allocated among Funds and 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. Currently, each member of the IRC is entitled to an annual retainer of $37,500 ($52,500 for the Chair), and a per meeting fee of $1,500. Each mutual fund managed by the Manager to which NI 81-107 applies 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. The Manager may, in some years and in certain cases, pay a portion of a series' administration fee or other fund costs. The administration fee and other fund costs are included in the MER of a Fund.

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) the administration fee paid to the Manager; and (c) other fund costs (and taxes). These expenses are expressed each year by each Fund as its annual management expense ratio which are the total expenses of the Fund for the year expressed as a percentage of the Fund's average daily net asset value during the year, calculated in accordance with applicable securities legislation.

Funds that invest in other funds	Fees and expenses are payable by the underlying funds in which a Fund may invest, in addition to the fees and expenses payable by the Fund. An underlying Fund pays its own administration fees and other expenses, which are in addition to the administration fees and other expenses payable by a Fund that invests in the underlying fund. In addition, if a Fund invests in an LP fund which in turn invests in, or has exposure to another fund, including a Reference Fund, fees (other than management fees) and operating costs and expenses are payable by an LP fund, and the LP fund indirectly bears the fees, operating costs and expenses of the other Fund, including a Reference Fund. However, no management fees or incentive fees are payable by a Fund that, to a reasonable person, would duplicate a fee payable by the underlying funds of that Fund for the same service. In addition, a Fund will not pay any sales fees or redemption fees upon a purchase or redemption of securities of an underlying fund. Certain LP Funds invest in a portfolio of securities and enter into forward contracts under which they purchase or sell Canadian equity securities in order to gain exposure to a Reference Fund. To implement this strategy, the LP Fund will incur certain forward contract fees charged by the counterparties. We expect the forward contract fees to be a maximum of 1.00% of the value of the forward contracts per year and the hedging fees to be a maximum of 1.00% of the forward contracts per year. These estimates are subject to any contractual minimums which may be imposed by the counterparties, and may be affected by the LP Fund's asset levels. If an LP Fund terminates a forward contract prior to the scheduled termination date, additional costs which are not expected to be material may be payable by the LP Fund for any loss or cost incurred by the counterparty or its affiliates as a result of its terminating, liquidating, obtaining or re-establishing any hedge or related trading position. The LP Fund would only effect such a termination if it were considered to be in the best interests of the LP Fund and its securityholders. The forward contract fees, and any related costs such as hedging, may change at any time and without notice to securityholders in the Funds which invest in the LP Funds. As a result of the enactment of the DFA Rules, each LP Fund will, prior to January 1, 2015, settle any outstanding forward contracts that would be subject to the DFA Rules and will not enter into any new forward contracts after that date that would be subject to the DFA Rules.

Fees and expenses payable directly by you

	No sales or redemption fees are payable by a Fund when it buys or sells securities of an underlying fund (including an LP Fund) that is managed by us or one of our affiliates or associates if the payment of these fees could reasonably be perceived as a duplication of fees paid by an investor in the Fund.
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 shares within 31 days of buying them (90 days of buying them in the case of Scotia Short Term Yield Class). See *Short term trading*.
Registered plan fees	The trustee may charge a withdrawal or transfer fee of up to $50.
Other fees	• Pre-authorized contributions: None • Automatic withdrawal plan: None

Impact of sales charges

Series A, Series M and Series T shares of the Funds are no-load. That means you don't pay a sales commission when you buy, switch or sell shares of these series through Scotia Securities Inc. or Scotia Capital Inc. (including ScotiaMcLeod and Scotia iTRADE). You may pay a sales commission or other fee if you buy, switch or sell shares through other registered brokers or dealers. See *Dealer compensation* below.

Dealer compensation

This section explains how we compensate brokers and dealers when you invest in Series A, Series M and Series T shares of the Funds.

Sales commissions

We may pay Scotia Securities Inc. an up-front sales commission of up to 1% of the amount invested by a shareholder in Series A and Series T of the Funds.

Trailing commissions

We may pay Scotia Securities Inc., ScotiaMcLeod or Scotia iTRADE employees or other registered brokers and dealers a trailing commission on Series A and Series T shares of the Funds. We don't pay trailing commissions on Series M shares. The fee is calculated daily and paid monthly and, subject to certain conditions, is based on the value of Series A and Series T shares investors are holding of each Fund sold by a broker or dealer at the following annual rates:

	Maximum annual trailing commission rate	
Fund	Series A	Series T
Scotia Conservative Government Bond Capital Yield Class Scotia Fixed Income Blend Class	up to 0.50%	–
Scotia Canadian Dividend Class Scotia Global Dividend Class	up to 1.00%	–
Scotia INNOVA Income Portfolio Class	up to 0.75%	–
Scotia INNOVA Balanced Income Portfolio Class Scotia INNOVA Balanced Growth Portfolio Class Scotia INNOVA Growth Portfolio Class Scotia INNOVA Maximum Growth Portfolio Class	up to 1.00%	up to 1.00%
Scotia Canadian Equity Blend Class Scotia U.S. Equity Blend Class Scotia International Equity Blend Class	up to 1.00%	–

Sales incentive programs

We may award prizes, such as cash or merchandise, to Scotia Securities Inc. employees or branches for sales of mutual fund securities. We estimate that the annual cost of these prizes will not be more than $1 for each $1,000 investment by a securityholder. 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 securities 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 securityholders 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) and HollisWealth Advisory Services Inc. The above dealers may sell shares of the Funds.

Dealer compensation from management fees

The cost of the sales and service commissions and sales incentive programs was approximately 46.44% of the total management fees we received from all of the ScotiaFunds during the financial year ended December 31, 2013.

Income tax considerations for investors

This section is a general summary of how Canadian federal income taxes affect your investment in the Fund. It assumes that you:

- are an individual (other than a trust);
- are a Canadian resident;
- deal with the Fund at arm's length; and
- hold your shares as capital property.

This summary assumes that the Corporation will be a "mutual fund corporation" within the meaning of the Tax Act at all material times. This section is not exhaustive and your situation may be different. You should consult a tax advisor about your own situation.

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 dividends.

You can also earn money in the form of a capital gain when you sell or switch your shares for a profit. You can realize a capital loss if you sell or switch your shares at a loss.

How earnings are taxed

The tax you pay depends on whether you hold your shares in a registered plan or in a non-registered account.

Shares held in a registered plan

Provided the Corporation is a "mutual fund corporation" for purposes of the Tax Act at all material times, shares of a Corporate Fund of the Corporation will be "qualified investments" for registered plans. Provided that the holder or annuitant of a TFSA, RRSP or RRIF (i) deals at arm's length with a Fund and (ii) does not hold a "significant interest" (as defined in the Tax Act) in the Fund, the shares of any series of the Fund not be a prohibited investment for a TFSA, RRSP or RRIF . Investors should consult with their tax advisors regarding whether an investment in a Fund will be a prohibited investment for their TFSA, RRSP or RRIF.

If you hold shares of a Fund in a Registered Plan, you pay no tax on dividends from the Fund on those shares or on any capital gains that your Registered Plan receives from selling or switching shares held inside the plan. When you withdraw money from a Registered Plan (other than TFSA), you will generally pay tax at your marginal tax rate.

Shares held in a non-registered account

Dividends from the Funds

The Corporation may pay ordinary dividends and/or capital gains dividends. The Board determines when dividends are paid based upon the recommendation of the Manager. Dividends are taxable in the year you receive them, whether you receive them in cash or have them reinvested in additional shares.

Ordinary dividends are treated as taxable dividends, eligible or non-eligible, and are subject to the applicable gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations.

Capital gains dividends are distributions of capital gains realized by the Corporation and will generally be treated as capital gains realized by you. In general, you must include one-half of the amount of a capital gains dividend in your income for tax purposes. Capital gains dividends may be paid by the Corporation to shareholders of any particular Fund or Funds in order to obtain a refund of any capital gain taxes payable by the Corporation as a whole, whether or not such taxes relate to the investment portfolio attributable to a particular Fund or Funds.

Distribution on Series T shares will likely represent return of capital, but may also include ordinary dividends. If the Corporation pays a return of capital on a class or series of shares, such amount will generally not be taxable but will reduce the adjusted cost base of your shares. If the reductions to the adjusted cost base of your shares would result in such adjusted cost base becoming a negative amount, that amount will be treated as a capital gain and the adjusted cost base of the shares will then be zero.

The price of a share of a Fund may include income and/or capital gains that the Fund has earned, but not yet realized and/or distributed. If you buy shares of a Fund before it pays a dividend, the dividend you receive will be taxable to you even though the Fund earned the amount before you invested in the Fund. For example, the Fund may pay its only, or most significant, dividend in December. If you purchase shares late in the year, you will have to pay tax on the dividend you receive, even though you were not invested in the Fund during the whole year.

In general, you must include any management fee rebates you receive in your income. However, in some circumstances, you may instead elect to reduce the adjusted cost base of your securities by the amount of the rebate.

We will issue you a tax slip that shows the taxable amount of your dividends and any federal dividend tax credit that applies, as well as any capital gains dividends in respect of the preceding tax year.

Capital gains (or losses) you realize

When you dispose of a share, including on a redemption or a switch of shares of a particular series of a Fund for securities of another fund (but not a switch of shares within the Corporation), you may realize a capital gain or capital loss. Your capital gain or capital loss will be equal to the difference between the proceeds of disposition (generally, the value received on the disposition less any reasonable disposition costs) and your adjusted cost base of the share.

If you dispose of shares of a Fund and you, or your spouse or another person affiliated with you (including a corporation controlled by you) has acquired shares of the same Fund within 30 days before or after you dispose of the shares (such newly acquired shares being considered "substituted property"), your capital loss may be deemed to be a "superficial loss", If so, your loss will be deemed to be nil and the amount of the loss will be added to the adjusted cost base of the shares which are "substituted property".

Switching shares of one series of a Fund for the same series or for a different series of shares of a different Fund or different series of shares of the same Fund will not be considered a disposition for tax purposes and accordingly, you will realize neither a gain nor a loss as a result of the switch. If you switch a particular series of shares of a Fund, the cost of the series of shares of the Fund acquired on the switch will be the same as the adjusted cost base of the series of shares of the Fund switched immediately before the switch. The cost will be averaged with the adjusted cost base of other shares of such series of the Fund held or subsequently acquired by you.

Calculating adjusted cost base

Your capital gain or loss for tax purposes is the difference between the amount you receive when you sell or switch your shares and the adjusted cost base of those shares, less any costs of the sale. You must calculate your adjusted cost base for tax purposes in Canadian dollars and separately for each series of shares of each Fund that you own.

In general, the aggregate adjusted cost base of your shares of a series of shares of a Fund equals:

- the total amount paid for all your shares of that series of the Fund (including any sales charges paid);
- plus dividends and management fee rebates reinvested in additional shares of that series of the Fund;
- minus the adjusted cost base of any shares of that series you have previously redeemed or otherwise disposed of.

The adjusted cost base of each of your shares of a series of a Fund will generally be equal to the aggregate adjusted cost base of all shares of that series of the Fund held by you at the time of the disposition divided by the total number of shares of that series of the Fund held by you. You should keep detailed records of the purchase cost of your shares and dividends you receive so you can calculate the adjusted cost base of your shares. 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. 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 securities 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.

ScotiaFunds®

Scotia Short Term Yield Class (Series M shares)
Scotia Conservative Government Bond Capital Yield Class (Series A and M shares)
Scotia Fixed Income Blend Class (Series A shares)
Scotia Canadian Corporate Bond Capital Yield Class (Series M shares)
Scotia Canadian Dividend Class (Series A and M shares)
Scotia Canadian Equity Blend Class (Series A shares)
Scotia U.S. Equity Blend Class (Series A shares)
Scotia Private Canadian Equity Class (Series M shares)
Scotia Private U.S. Dividend Class (Series M shares)
Scotia Private U.S. Equity Class (Series M shares)
Scotia Global Dividend Class (Series A shares)
Scotia International Equity Blend Class (Series A shares)
Scotia INNOVA Income Portfolio Class (Series A shares)
Scotia INNOVA Balanced Income Portfolio Class (Series A and Series T shares)
Scotia INNOVA Balanced Growth Portfolio Class (Series A and Series T shares)
Scotia INNOVA Growth Portfolio Class (Series A and Series T shares)
Scotia INNOVA Maximum Growth Portfolio Class (Series A and Series T shares)

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 report 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 for English, or 1-800-387-5004 for French, or by asking 1832 Asset Management L.P.

1832 Asset Management L.P.
Scotia Plaza
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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.

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