

Scotia Canadian Corporate Bond LP (Unaudited)

STATEMENTS OF FINANCIAL POSITION

As at

	June 30, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$ 99,706,467	\$105,822,275	\$90,780,623
Cash	58,209	811,173	37,641
Accrued investment income	39	190	21
Receivable for securities sold	1,000,000	—	—
	<u>100,764,715</u>	<u>106,633,638</u>	<u>90,818,285</u>
LIABILITIES			
Current liabilities			
Redemptions payable	953,000	56,000	—
Unrealized depreciation on forward contracts	3,548,938	2,163,400	503,412
Accrued expenses	3,615	—	—
	<u>4,505,553</u>	<u>2,219,400</u>	<u>503,412</u>
Net Assets attributable to holders of redeemable units	<u>\$ 96,259,162</u>	<u>\$104,414,238</u>	<u>\$90,314,873</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	<u>\$ 96,259,162</u>	<u>\$104,414,238</u>	<u>\$90,314,873</u>
UNITS OUTSTANDING			
Series I Units	<u>8,996,727</u>	<u>10,134,828</u>	<u>8,849,892</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	<u>\$ 10.70</u>	<u>\$ 10.30</u>	<u>\$ 10.21</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the six month periods ended June 30,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 560	\$ 240
Net realized gain (loss) on non-derivative financial assets	3,847,127	2,617,476
Change in unrealized appreciation (depreciation) of non-derivative financial assets	1,576,488	(3,424,974)
Change in unrealized appreciation (depreciation) of forward contracts	(1,385,538)	375,154
Net gain (loss) on investments	<u>4,038,637</u>	<u>(432,104)</u>
Total income (loss)	<u>4,038,637</u>	<u>(432,104)</u>
EXPENSES		
Harmonized Sales Tax/Goods and Services Tax	1,021	727
Audit fees	2,658	1,553
Independent Review Committee fees	147	230
Filing fees	4,744	1,354
Legal fees	427	563
Unitholder reporting costs	2,356	2,477
Unitholder administration and service fees	6,501	7,028
Overdraft charges	755	—
Forward fees	211,375	370,130
Total expenses	<u>229,984</u>	<u>384,062</u>
Net expenses	<u>229,984</u>	<u>384,062</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 3,808,653</u>	<u>\$ (816,166)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	<u>\$ 3,808,653</u>	<u>\$ (816,166)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	<u>\$ 0.40</u>	<u>\$ (0.06)</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	<u>9,406,274</u>	<u>13,049,266</u>

* The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations per series by the weighted average units per series.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the six month periods ended June 30,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series I Units	<u>\$104,414,238</u>	<u>\$ 90,314,873</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	<u>3,808,653</u>	<u>(816,166)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	2,439,211	53,267,800
Payments on redemption		
Series I Units	(14,402,940)	(60,000)
	<u>(11,963,729)</u>	<u>53,207,800</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	<u>(8,155,076)</u>	<u>52,391,634</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	<u>\$ 96,259,162</u>	<u>\$142,706,507</u>

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 3,808,653	\$ (816,166)
Adjustments For:		
Net realized gain (loss) on sale of non-derivative financial assets	(3,847,127)	(2,617,476)
Change in unrealized appreciation (depreciation) on sale of non-derivative financial assets	(1,576,488)	3,424,974
Change in unrealized appreciation (depreciation) of forward contracts	1,385,538	(375,154)
Purchases of non-derivative financial assets	(513,676,912)	(744,006,163)
Proceeds from sale of non-derivative financial assets	524,216,335	691,214,304
Accrued investment income	151	(5)
Accrued expenses	3,615	2,518
Net cash provided by (used in) operating activities	<u>10,313,765</u>	<u>(53,173,168)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	2,439,211	53,267,800
Amounts paid on redemption of redeemable units	(13,505,940)	(60,000)
Net cash provided by (used in) financing activities	<u>(11,066,729)</u>	<u>53,207,800</u>
Net increase (decrease) in cash	<u>(752,964)</u>	<u>34,632</u>
Cash at beginning of period	<u>811,173</u>	<u>37,641</u>
CASH AT END OF PERIOD	<u>\$ 58,209</u>	<u>\$ 72,273</u>
Interest received ⁽¹⁾	711	235

⁽¹⁾ Classified as operating items.

The accompanying notes are an integral part of the financial statements.

Scotia Canadian Corporate Bond LP (Unaudited – Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES* – 103.6%			
Energy – 17.3%			
358,935	Canadian Oil Sands Ltd.	8,111,931	8,679,048
158,617	Enbridge Inc.	8,111,673	8,030,779
		<u>16,223,604</u>	<u>16,709,827</u>
Materials – 18.0%			
470,243	Barrick Gold Corporation	8,111,693	9,188,549
354,997	First Quantum Minerals Ltd.	8,111,681	8,101,032
		<u>16,223,374</u>	<u>17,289,581</u>
Consumer Discretionary – 16.4%			
136,721	Gildan Activewear Inc.	8,111,657	8,595,649
62,419	Magna International Inc.	6,871,708	7,169,446
		<u>14,983,365</u>	<u>15,765,095</u>
Consumer Staples – 8.3%			
121,160	Metro Inc., Class A	8,111,662	7,992,925
Financials – 35.2%			
106,802	Bank of Montreal	8,111,612	8,392,501
172,810	Brookfield Asset Management Inc., Class A	8,111,701	8,123,798
408,855	Manulife Financial Corporation	8,111,683	8,671,815
220,847	Sun Life Financial Inc.	8,111,710	8,661,619
		<u>32,446,706</u>	<u>33,849,733</u>
Utilities – 8.4%			
619,213	TransAlta Corporation	8,111,690	8,099,306
	TOTAL INVESTMENT PORTFOLIO	<u>96,100,401</u>	<u>99,706,467</u>
	Forwards Contracts – (3.7)%		(3,548,938)
	OTHER ASSETS, LESS LIABILITIES – 0.1%		101,633
	NET ASSETS – 100.0%		<u>96,259,162</u>

* Pledged to cover the Fund's obligation under the forward contract.

FORWARD CONTRACTS

	Settlement Date	Counterparty	Notional Number of Units	Value to be Paid (\$)	Value to be Received (\$)	Appreciation/ (Depreciation) (\$)
Scotia Private Canadian Corporate Bond Pool Series I	Jul. 4, 2014	TD Global Finance	8,928,690	99,706,467	96,157,529	(3,548,938)

The Fund enters into forward contracts in order to provide a return similar to what would be achieved by an investment directly in units of the Scotia Private Canadian Corporate Bond Pool Series I (the "Reference Fund"). The Fund has entered into a forward purchase and sale agreement with TD Global Finance (the "Counterparty").

The Counterparty has a credit rating of AA- by Standard & Poor's.

Under the terms of the forward agreement, the Counterparty has agreed to pay the Fund an amount equal to the redemption proceeds of the number of Series I units of the Scotia Private Canadian Corporate Bond Pool specified in the forward agreement, in exchange for the Fund's equity portfolio.

Scotia Canadian Corporate Bond LP (Unaudited – Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

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

2. Transition to IFRS (note 10)

There were no significant adjustments between IFRS and Canadian GAAP impacting the Fund.

3. Risks Associated with Financial Instruments (note 4)

The Fund gains exposure to the return of the Scotia Private Canadian Corporate Bond Pool Series I (the "Reference Fund") through the use of forward contracts. As a result, the Fund is exposed to the financial instrument risks of the Reference Fund.

- i) Interest rate risk

The table below summarizes the Reference Fund's exposure to interest rate risk by the remaining term to maturity of its bond and debenture instruments. The Fund is indirectly exposed to its proportional share of the interest rate risk of the Reference Fund.

Interest Rate Exposure*	June 30, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ –	\$ –	\$ –
1-3 years	486,674,043	290,453,681	179,157,020
3-5 years	988,918,264	965,326,645	1,077,775,804
5-10 years	2,165,910,011	1,950,004,406	1,664,501,353
> 10 years	21,254,940	45,960,952	–
Total	\$3,662,757,258	\$3,251,745,684	\$2,921,434,177

* Earlier of maturity or interest reset date. Excludes cash, money market instruments, underlying funds and preferred shares as applicable.

As at June 30, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$1,202,779 or approximately 1.2% of total net assets attributable to holders of redeemable units (December 31, 2013 – \$1,273,071 or approximately 1.2% net assets attributable to holders of redeemable units, January 1, 2013 – \$1,102,842 or approximately 1.2% of total net assets attributable to holders of redeemable units). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Credit risk

The table below summarizes the Fund's indirect exposure to credit ratings of the preferred shares, bond and debenture instruments, excluding cash and money market instruments, held by the Reference Fund.

	June 30, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
AAA	14.0	13.8	13.0	12.9	10.9	10.8
AA	25.5	25.2	25.2	24.9	26.5	26.1
A	38.4	38.2	40.5	40.0	47.6	47.1
BBB	21.4	21.2	20.5	20.3	15.0	14.8
BB	0.7	0.7	0.8	0.8	–	–
Total	100.0	99.1	100.0	98.9	100.0	98.8

Scotia Canadian Corporate Bond LP (Unaudited – Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iii) Liquidity risk

The table below summarizes the Fund's financial liabilities based on the remaining period to the contractual maturity date.

	June 30, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ 956,615	\$ –	\$ 56,000	\$ –	\$ –
Unrealized depreciation on forward contracts	–	3,548,938	–	2,163,400	–	503,412
Redeemable units	96,259,162	–	104,414,238	–	90,314,873	–
	\$96,259,162	\$4,505,553	\$104,414,238	\$2,219,400	\$90,314,873	\$503,412

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer term.

vi) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, asset type, industry sector or counterparty type. The table below is a summary of the Fund's concentration risk.

Investment Category	Percentage of Net Assets (%)		
	June 30, 2014	December 31, 2013	December 31, 2012
Federal Bonds	7.2	6.1	3.2
Mortgage-Backed Securities	2.9	3.3	4.6
Corporate Bonds	89.0	89.5	91.0
Future Contracts	0.1	0.1	0.0

iv) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2014, December 31, 2013 and January 1, 2013.

June 30, 2014	Level 1	Level 2	Level 3	Total
Equities	\$ 99,706,467	\$ –	\$ –	\$ 99,706,467
Forward Contracts–Liabilities	–	(3,548,938)	–	(3,548,938)
	\$ 99,706,467	\$(3,548,938)	\$ –	\$ 96,157,529

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$105,822,275	\$ –	\$ –	\$105,822,275
Forward Contracts–Liabilities	–	(2,163,400)	–	(2,163,400)
	\$105,822,275	\$(2,163,400)	\$ –	\$103,658,875

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 90,780,623	\$ –	\$ –	\$ 90,780,623
Forward Contracts–Liabilities	–	(503,412)	–	(503,412)
	\$ 90,780,623	\$(503,412)	\$ –	\$ 90,277,211

Transfers Between Levels

During the period ended June 30, 2014, December 31, 2013 and January 1, 2013, there were no transfers between Level 1 and Level 2.

Scotia Conservative Government Bond LP (Unaudited)

STATEMENTS OF FINANCIAL POSITION

As at

	June 30, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$104,451,493	\$125,630,198	\$122,620,517
Cash	84,337	79,391	37,749
Accrued investment income	57	57	32
Receivable for securities sold	200,000	—	—
Subscriptions receivable	110,142	—	—
	<u>104,846,029</u>	<u>125,709,646</u>	<u>122,658,298</u>
LIABILITIES			
Current liabilities			
Redemptions payable	252,142	22,000	—
Unrealized depreciation on forward contracts	3,851,991	2,760,747	829,570
Accrued expenses	3,679	—	—
	<u>4,107,812</u>	<u>2,782,747</u>	<u>829,570</u>
Net Assets attributable to holders of redeemable units	<u>\$100,738,217</u>	<u>\$122,926,899</u>	<u>\$121,828,728</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	<u>\$100,738,217</u>	<u>\$122,926,899</u>	<u>\$121,828,728</u>
UNITS OUTSTANDING			
Series I Units	<u>9,757,877</u>	<u>12,225,898</u>	<u>12,095,055</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	<u>\$ 10.32</u>	<u>\$ 10.05</u>	<u>\$ 10.07</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the six month periods ended June 30,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 276	\$ 198
Net realized gain (loss) on non-derivative financial assets	3,079,581	1,613,323
Change in unrealized appreciation (depreciation) of non-derivative financial assets	1,353,840	(3,994,868)
Change in unrealized appreciation (depreciation) of forward contracts	(1,091,244)	1,219,427
Net gain (loss) on investments	<u>3,342,453</u>	<u>(1,161,920)</u>
Total income (loss)	<u>3,342,453</u>	<u>(1,161,920)</u>
EXPENSES		
Harmonized Sales Tax/Goods and Services Tax	1,084	804
Audit fees	2,789	1,825
Independent Review Committee fees	165	270
Filing fees	4,744	—
Legal fees	462	659
Unitholder reporting costs	2,383	2,465
Unitholder administration and service fees	7,255	8,176
Overdraft charges	480	—
Forward fees	241,691	434,335
Total expenses	<u>261,053</u>	<u>448,534</u>
Absorbed expenses	—	(14)
Net expenses	<u>261,053</u>	<u>448,520</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 3,081,400</u>	<u>\$ (1,610,440)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	<u>\$ 3,081,400</u>	<u>\$ (1,610,440)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	<u>\$ 0.28</u>	<u>\$ (0.10)</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	<u>10,820,212</u>	<u>15,605,788</u>

* The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations per series by the weighted average units per series.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the six month periods ended June 30,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series I Units	<u>\$122,926,899</u>	<u>\$121,828,728</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	<u>3,081,400</u>	<u>(1,610,440)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	2,776,783	49,034,000
Payments on redemption		
Series I Units	(28,046,865)	(10,505,000)
	<u>(25,270,082)</u>	<u>38,529,000</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	<u>(22,188,682)</u>	<u>36,918,560</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	<u>\$100,738,217</u>	<u>\$158,747,288</u>

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 3,081,400	\$ (1,610,440)
Adjustments For:		
Net realized gain (loss) on sale of non-derivative financial assets	(3,079,581)	(1,613,323)
Change in unrealized appreciation (depreciation) on sale of non-derivative financial assets	(1,353,840)	3,994,868
Change in unrealized appreciation (depreciation) of forward contracts	1,091,244	(1,219,427)
Purchases of non-derivative financial assets	(574,683,452)	(852,704,933)
Proceeds from sale of non-derivative financial assets	600,095,578	814,651,902
Accrued investment income	—	(20)
Accrued expenses	3,679	2,508
Net cash provided by (used in) operating activities	<u>25,155,028</u>	<u>(38,498,865)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	2,666,641	49,034,000
Amounts paid on redemption of redeemable units	(27,816,723)	(10,205,000)
Net cash provided by (used in) financing activities	<u>(25,150,082)</u>	<u>38,829,000</u>
Net increase (decrease) in cash	4,946	330,135
Cash at beginning of period	79,391	37,749
CASH AT END OF PERIOD	<u>\$ 84,337</u>	<u>\$ 367,884</u>
Interest received ⁽¹⁾	276	178

⁽¹⁾ Classified as operating items.

The accompanying notes are an integral part of the financial statements.

Scotia Conservative Government Bond LP (Unaudited – Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES* – 103.7%			
CANADIAN EQUITIES – 103.7%			
Energy – 17.4%			
376,153	Canadian Oil Sands Ltd.	8,474,728	9,095,378
165,714	Enbridge Inc.	8,474,614	8,390,100
		<u>16,949,342</u>	<u>17,485,478</u>
Materials – 17.9%			
491,281	Barrick Gold Corporation	8,474,597	9,599,631
371,530	First Quantum Minerals Ltd.	8,474,599	8,478,315
		<u>16,949,196</u>	<u>18,077,946</u>
Consumer Discretionary – 16.6%			
142,765	Gildan Activewear Inc.	8,474,530	8,975,636
67,468	Magna International Inc.	7,427,552	7,749,374
		<u>15,902,082</u>	<u>16,725,010</u>
Consumer Staples – 8.3%			
126,600	Metro Inc., Class A	8,474,604	8,351,802
Financials – 35.1%			
111,596	Bank of Montreal	8,474,600	8,769,214
180,618	Brookfield Asset Management Inc., Class A	8,474,597	8,490,852
427,147	Manulife Financial Corporation	8,474,596	9,059,788
230,726	Sun Life Financial Inc.	8,474,566	9,049,074
		<u>33,898,359</u>	<u>35,368,928</u>
Utilities – 8.4%			
645,438	TransAlta Corporation	8,474,601	8,442,329
	TOTAL INVESTMENT PORTFOLIO	<u>100,648,184</u>	<u>104,451,493</u>
	Forward Contracts – (3.8)%		(3,851,991)
	OTHER ASSETS, LESS LIABILITIES – 0.1%		<u>138,715</u>
	NET ASSETS – 100.0%		<u><u>100,738,217</u></u>

* Pledged to cover the Fund's obligation under the forward contract.

FORWARD CONTRACTS

	Settlement Date	Counterparty	Notional Number of Units	Value to be Paid (\$)	Value to be Received (\$)	Appreciation/ (Depreciation) (\$)
Scotia Private Short-Mid Government Bond Pool Series I	Jul. 4, 2014	TD Global Finance	9,624,788	104,451,493	100,599,502	<u>(3,851,991)</u>

The Fund enters into forward contracts in order to provide a return similar to what would be achieved by an investment directly in units of the Scotia Private Short-Mid Government Bond Pool Series I (the "Reference Fund"). The Fund has entered into a forward purchase and sale agreement with TD Global Finance (the "Counterparty").

The Counterparty has a credit rating of AA- by Standard & Poor's.

Under the terms of the forward agreement, the Counterparty has agreed to pay the Fund an amount equal to the redemption proceeds of the number of Series I units of the Scotia Private Short-Mid Government Bond Pool Series I specified in the forward agreement, in exchange for the Fund's equity portfolio.

In order to permit the Fund to pay monthly distributions, operating expenses or other liabilities, and meet redemption requests, the terms of the forward agreement provide that the forward contract may be settled in whole or in part at any time prior to the settlement date at their discretion.

Scotia Conservative Government Bond LP (Unaudited – Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide exposure to income and modest capital gains from primarily 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, banker's acceptances, asset-backed or mortgage-backed securities and guaranteed investment certificates.

2. Transition to IFRS (note 10)

There were no significant adjustments between IFRS and Canadian GAAP impacting the Fund.

3. Risks Associated with Financial Instruments (note 4)

The Fund gains exposure to the return of the Scotia Private Short-Mid Government Bond Pool Series I (the "Reference Fund") through the use of forward contracts. As a result, the Fund is exposed to the financial instrument risks of the Reference Fund.

- i) Interest rate risk

The table below summarizes the Reference Fund's exposure to interest rate risk by the remaining term to maturity of its bond and debenture instruments. The Fund is indirectly exposed to its proportional share of the interest rate risk of the Reference Fund.

Interest Rate Exposure*	June 30, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ –	\$ –	\$ –
1-3 years	599,712,429	380,481,054	199,694,551
3-5 years	375,270,067	422,353,228	183,477,723
5-10 years	476,916,160	487,294,071	834,452,650
> 10 years	–	–	–
Total	\$1,451,898,656	\$1,290,128,353	\$1,217,624,924

* Earlier of maturity or interest reset date. Excludes cash, money market instruments, underlying funds and preferred shares as applicable.

As at June 30, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$994,114 or approximately 1.0% of total net assets attributable to holders of redeemable units (December 31, 2013 – \$1,474,460 or approximately 1.2% net assets attributable to holders of redeemable units, January 1, 2013 – \$1,606,902 or approximately 1.3% of total net assets attributable to holders of redeemable units). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Credit risk

The table below summarizes the Fund's indirect exposure to credit ratings of the preferred shares, bond and debenture instruments, excluding cash and money market instruments, held by the Reference Fund.

	June 30, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
AAA	55.3	53.6	57.2	57.0	62.2	61.4
AA	23.7	23.0	27.2	27.1	24.6	24.3
A	21.0	20.6	15.6	15.5	13.2	13.0
Total	100.0	97.2	100.0	99.6	100.0	98.7

Scotia Conservative Government Bond LP (Unaudited – Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iii) Liquidity risk

The table below summarizes the Fund's financial liabilities based on the remaining period to the contractual maturity date.

	June 30, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ 255,821	\$ –	\$ 22,000	\$ –	\$ –
Unrealized depreciation on forward contracts	–	3,851,991	–	2,760,747	–	829,570
Redeemable units	100,738,217	–	122,926,899	–	121,828,728	–
	\$100,738,217	\$4,107,812	\$122,926,899	\$2,782,747	\$121,828,728	\$829,570

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer term.

vi) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, asset type, industry sector or counterparty type. The table below is a summary of the Fund's concentration risk.

Investment Category	Percentage of Net Assets (%)		
	June 30, 2014	December 31, 2013	January 1, 2013
Federal Bonds	47.0	57.0	61.4
Provincial Bonds	50.2	42.6	37.3
Futures Contracts	–	0.0	0

iv) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2014, December 31, 2013 and January 1, 2013.

June 30, 2014	Level 1	Level 2	Level 3	Total
Equities	\$104,451,493	\$ –	\$ –	\$104,451,493
Forward Contracts–Liabilities	–	(3,851,991)	–	(3,851,991)
	\$104,451,493	\$(3,851,991)	\$ –	\$100,599,502

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$125,630,198	\$ –	\$ –	\$125,630,198
Forward Contracts–Liabilities	–	(2,760,747)	–	(2,760,747)
	\$125,630,198	\$(2,760,747)	\$ –	\$122,869,451

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$122,620,517	\$ –	\$ –	\$122,620,517
Forward Contracts–Liabilities	–	(829,570)	–	(829,570)
	\$122,620,517	(829,570)	\$ –	\$121,790,947

Transfers Between Levels

During the period ended June 30, 2014, December 31, 2013 and January 1, 2013, there were no transfers between Level 1 and Level 2.

Scotia Canadian Income LP (Unaudited)

STATEMENTS OF FINANCIAL POSITION

As at

	June 30, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$24,040,215	\$188,925,275	\$115,078,950
Cash	108,313	61,513	32,614
Accrued investment income	63	68	13
	<u>24,148,591</u>	<u>188,986,856</u>	<u>115,111,577</u>
LIABILITIES			
Current liabilities			
Redemptions payable	—	40,000	—
Unrealized depreciation on forward contracts	974,910	4,137,018	545,634
Accrued expenses	2,714	—	—
	<u>977,624</u>	<u>4,177,018</u>	<u>545,634</u>
Net Assets attributable to holders of redeemable units	<u>\$23,170,967</u>	<u>\$184,809,838</u>	<u>\$114,565,943</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	<u>\$23,170,967</u>	<u>\$184,809,838</u>	<u>\$114,565,943</u>
UNITS OUTSTANDING			
Series I Units	<u>2,193,305</u>	<u>18,345,196</u>	<u>11,225,079</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	<u>\$ 10.56</u>	<u>\$ 10.07</u>	<u>\$ 10.21</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the six month periods ended June 30,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 316	\$ 218
Net realized gain (loss) on non-derivative financial assets	8,699,037	2,646,825
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(2,695,947)	(4,491,343)
Change in unrealized appreciation (depreciation) of forward contracts	3,162,108	(893,840)
Net gain (loss) on investments	<u>9,165,514</u>	<u>(2,738,140)</u>
Total income (loss)	<u>9,165,514</u>	<u>(2,738,140)</u>
EXPENSES		
Harmonized Sales Tax/Goods and Services Tax	1,294	865
Audit fees	3,319	2,000
Independent Review Committee fees	231	296
Filing fees	5,710	929
Legal fees	575	726
Unitholder reporting costs	2,454	2,582
Unitholder administration and service fees	9,922	9,288
Overdraft charges	69	—
Forward fees	397,474	477,016
Total expenses	<u>421,048</u>	<u>493,702</u>
Absorbed expenses	—	(6)
Net expenses	<u>421,048</u>	<u>493,696</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 8,744,466</u>	<u>\$ (3,231,836)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	<u>\$ 8,744,466</u>	<u>\$ (3,231,836)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	<u>\$ 0.60</u>	<u>\$ (0.19)</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	<u>14,661,076</u>	<u>16,911,583</u>

* The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units from operations per series by the weighted average units per series.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the six month periods ended June 30,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series I Units	<u>\$ 184,809,838</u>	<u>\$ 114,565,943</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	<u>8,744,466</u>	<u>(3,231,836)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	6,425,364	74,262,001
Payments on redemption		
Series I Units	(176,808,701)	(200,000)
	<u>(170,383,337)</u>	<u>74,062,001</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	<u>(161,638,871)</u>	<u>70,830,165</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	<u>\$ 23,170,967</u>	<u>\$ 185,396,108</u>

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 8,744,466	\$ (3,231,836)
Adjustments For:		
Net realized gain (loss) on sale of non-derivative financial assets	(8,699,037)	(2,646,825)
Change in unrealized appreciation (depreciation) on sale of non-derivative financial assets	2,695,947	4,491,343
Change in unrealized appreciation (depreciation) of forward contracts	(3,162,108)	893,840
Purchases of non-derivative financial assets	(811,103,074)	(968,820,582)
Proceeds from sale of non-derivative financial assets	981,991,224	895,270,549
Accrued investment income	5	(14)
Accrued expenses	2,714	3,043
Net cash provided by (used in) operating activities	<u>170,470,137</u>	<u>(74,040,483)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	6,425,364	74,262,001
Amounts paid on redemption of redeemable units	(176,848,701)	(200,000)
Net cash provided by (used in) financing activities	<u>(170,423,337)</u>	<u>74,062,001</u>
Net increase (decrease) in cash	46,800	21,518
Cash at beginning of period	61,513	32,614
CASH AT END OF PERIOD	<u>\$ 108,313</u>	<u>\$ 54,132</u>
Interest received ⁽¹⁾	321	204

⁽¹⁾ Classified as operating items.

The accompanying notes are an integral part of the financial statements.

Scotia Canadian Income LP (Unaudited – Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES* – 103.7%			
Energy – 17.3%			
86,324	Canadian Oil Sands Ltd.	1,949,196	2,087,314
38,100	Enbridge Inc.	1,949,196	1,929,003
		<u>3,898,392</u>	<u>4,016,317</u>
Materials – 17.9%			
112,998	Barrick Gold Corporation	1,949,216	2,207,981
85,155	First Quantum Minerals Ltd.	1,949,198	1,943,237
		<u>3,898,414</u>	<u>4,151,218</u>
Consumer Discretionary – 16.7%			
32,875	Gildan Activewear Inc.	1,949,159	2,066,851
15,694	Magna International Inc.	1,728,694	1,802,613
		<u>3,677,853</u>	<u>3,869,464</u>
Consumer Staples – 8.3%			
29,122	Metro Inc., Class A	1,949,135	1,921,178
Financials – 35.1%			
25,674	Bank of Montreal	1,949,170	2,017,464
41,516	Brookfield Asset Management Inc., Class A	1,949,176	1,951,667
98,098	Manulife Financial Corporation	1,949,207	2,080,659
53,069	Sun Life Financial Inc.	1,949,224	2,081,366
		<u>7,796,777</u>	<u>8,131,156</u>
Utilities – 8.4%			
149,150	TransAlta Corporation	1,949,391	1,950,882
	TOTAL INVESTMENT PORTFOLIO	<u>23,169,962</u>	<u>24,040,215</u>
	Forward Contracts – (4.2)%		(974,910)
	OTHER ASSETS, LESS LIABILITIES – 0.5%		105,662
	NET ASSETS – 100.0%		<u>23,170,967</u>

* Pledged to cover the Fund's obligation under the forward contract.

FORWARD CONTRACTS

	Settlement Date	Counterparty	Notional Number of Units	Value to be Paid (\$)	Value to be Received (\$)	Appreciation (Depreciation) (\$)
Scotia Canadian Income Series I	Jul. 4, 2014	TD Global Finance	1,685,395	24,040,215	23,065,305	(974,910)

The Fund enters into forward contracts in order to provide a return similar to what would be achieved by an investment directly in units of the Scotia Canadian Income Series I (the "Reference Fund"). The Fund has entered into a forward purchase and sale agreement with TD Global Finance (the "Counterparty").

The Counterparty has a credit rating of AA- by Standard & Poor's.

Under the terms of the forward agreement, the Counterparty has agreed to pay the Fund an amount equal to the redemption proceeds of the number of Series I units of the Scotia Canadian Income Series I specified in the forward agreement, in exchange for the Fund's equity portfolio.

In order to permit the Fund to pay monthly distributions, operating expenses or other liabilities, and meet redemption requests, the terms of the forward agreement provide that the forward contract may be settled in whole or in part at any time prior to the settlement date at their discretion.

Scotia Canadian Income LP (Unaudited – Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide exposure to a high level of income and modest capital gains from primarily bonds and treasury bills issued or guaranteed by Canadian federal, provincial and municipal governments and Canadian corporations, Canadian money market instruments and high-quality dividend-paying shares of Canadian corporations.

2. Transition to IFRS (note 10)

There were no significant adjustments between IFRS and Canadian GAAP impacting the Fund.

3. Risks Associated with Financial Instruments (note 4)

The Fund gains exposure to the return of the Scotia Canadian Income Fund Series I (the "Reference Fund") through the use of forward contracts. As a result, the Fund is exposed to the financial instrument risks of the Reference Fund.

- i) Interest rate risk

The table below summarizes the Reference Fund's exposure to interest rate risk by the remaining term to maturity of its bond and debenture instruments. The Fund is indirectly exposed to its proportional share of the interest rate risk of the Reference Fund.

Interest Rate Exposure*	June 30, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ 151,451,933	\$ 173,993,521	–
1-3 years	533,049,263	400,147,438	604,187,587
3-5 years	590,245,141	676,749,991	628,008,357
5-10 years	2,660,928,325	3,742,247,664	3,197,176,661
> 10 years	1,831,192,815	1,230,794,583	1,497,176,580
Total	\$5,766,867,477	\$6,223,933,197	\$5,926,549,185

* Earlier of maturity or interest reset date. Excludes cash, money market instruments, underlying funds and preferred shares as applicable.

As at June 30, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$419,200 or approximately 1.8% of total net assets attributable to holders of redeemable units (December 31, 2013 – \$3,180,833 or approximately 1.7% net assets attributable to holders of redeemable units, January 1, 2013 – \$2,068,957 or approximately 1.8% of total net assets attributable to holders of redeemable units). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Credit risk

The table below summarizes the Fund's indirect exposure to credit ratings of the preferred shares, bond and debenture instruments, excluding cash and money market instruments, held by the Reference Fund.

	June 30, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
AAA	55.4	54.7	55.9	55.5	41.7	41.4
AA	23.8	23.6	24.0	23.8	36.5	36.1
A	16.0	15.8	15.7	15.6	17.4	17.2
BBB	4.8	4.7	4.4	4.3	4.4	4.3
Total	100.0	98.8	100.0	99.2	100.0	99.0

Scotia Canadian Income LP (Unaudited – Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iii) Liquidity risk

The table below summarizes the Fund's financial liabilities based on the remaining period to the contractual maturity date.

	June 30, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ 2,714	\$ –	\$ 40,000	\$ –	\$ –
Unrealized depreciation on forward contracts	–	974,910	–	4,137,018	–	545,634
Redeemable units	23,170,967	–	184,809,838	–	114,565,943	–
	\$23,170,967	\$977,624	\$184,809,838	\$4,177,018	\$114,565,943	\$545,634

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer term.

vi) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, asset type, industry sector or counterparty type. The table below is a summary of the Fund's concentration risk.

Investment Category	Percentage of Net Assets (%)		
	June 30, 2014	December 31, 2013	January 1, 2013
Federal Bonds	47.9	48.9	35.3
Provincial Bonds	17.0	17.6	29.3
Municipal Bonds	0.5	0.5	1.2
Mortgage-Backed Securities	3.5	3.2	3.4
Corporate Bonds	29.8	29.0	29.8
Futures Contracts	0.0	0.0	0.0

iv) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2014, December 31, 2013 and January 1, 2013.

June 30, 2014	Level 1	Level 2	Level 3	Total
Equities	\$ 24,040,215	\$ –	\$ –	\$ 24,040,215
Forward Contracts–Liabilities	–	(974,910)	–	(974,910)
	\$ 24,040,215	\$ (974,910)	\$ –	\$ 23,065,305

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$188,925,275	\$ –	\$ –	\$188,925,275
Forward Contracts–Liabilities	–	(4,137,018)	–	(4,137,018)
	\$188,925,275	\$(4,137,018)	\$ –	\$184,788,257

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$115,078,950	\$ –	\$ –	\$115,078,950
Forward Contracts–Liabilities	–	(545,634)	–	(545,634)
	\$115,078,950	\$(545,634)	\$ –	\$114,533,316

Transfers Between Levels

During the period ended June 30, 2014, December 31, 2013 and January 1, 2013, there were no transfers between Level 1 and Level 2.

Notes to Financial Statements

For the periods indicated in Note 1.

1. Establishment of the Funds

Scotia Canadian Corporate Bond LP, Scotia Conservative Government Bond LP and Scotia Canadian Income LP (individually a “Fund” and collectively, the “Funds”) are Ontario limited partnerships each formed under a Limited Partnership Agreement dated May 18, 2012. The address of the Funds’ registered office is 1 Adelaide St. E, 28th Floor, Toronto, Ontario.

Throughout this document, the limited partners are referred to as unitholders.

The general partner of each Fund is as follows:

Fund	General Partner
Scotia Canadian Corporate Bond LP	Scotia Canadian Corporate Bond GP Inc.
Scotia Conservative Government Bond LP	Scotia Conservative Government Bond GP Inc.
Scotia Canadian Income LP	Scotia Canadian Income GP Inc.

Under the limited partnership agreement between the General Partner and the limited partners of the Fund, the General Partner is entitled to 0.01% of the net income of each Fund (up to a maximum of \$3,000 per year) and 0.01% of the net loss of each Fund.

The fiscal year end of each of the Funds is December 31.

The inception date for each Fund is as follows:

Scotia Canadian Corporate Bond LP	May 18, 2012
Scotia Conservative Government Bond LP	May 18, 2012
Scotia Canadian Income LP	May 18, 2012

The investment objectives and strategies for each of the Funds are provided in the respective Fund’s “Fund Specific Notes”.

The Schedule of Investment Portfolio of each of the Funds is as at June 30, 2014. The Statements of Financial Position are as at June 30, 2014, December 31, 2013 and January, 1, 2013, and the Statements of Comprehensive Income and Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows are for the six-month periods ended June 30, 2014 and 2013.

Throughout this document, reference to the periods refers to the reporting periods described above.

The manager and portfolio adviser of the Funds is 1832 Asset Management L.P. (the “Manager”).

The Manager has Guidelines for Business Conduct (the “Code”) which applies to all of its employees. The Code is in place to protect the interest of all of the Manager’s clients. The Code provides policies governing the conduct of business including conflicts of interest, privacy issues and confidentiality.

These financial statements were approved by the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., in its capacity as trustee (the “Trustee”) of the funds and authorized for issue on August 11, 2014.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and IFRS 1, First-time Adoption of International Financial Reporting Standards. The Funds adopted this basis of accounting in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Funds prepared their financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Handbook (Canadian GAAP). The Funds have consistently applied the accounting policies used in the preparation of their opening IFRS statements of financial position at January 1, 2013 and throughout all periods presented, as if these policies had always been in effect. The “Fund Specific Notes” include disclosures of the impact of the transition to IFRS on the Fund’s reported financial position, financial performance, including the nature and effect of significant changes in accounting policies from those used in the Funds’ financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of June 30, 2014. Any subsequent changes to IFRS that are given effect in the Fund’s annual financial statements for the year ending December 31, 2014 could result in restatement of these interim financial statements, including the transition adjustments recognized on transition to IFRS.

(a) Financial instrument disclosures

Financial instrument disclosures include a three level fair value hierarchy which provides information about the relative observability of inputs to the fair value measurement of financial assets and liabilities. The levels are defined as follows:

- Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair value is based on inputs other than unadjusted quoted prices included in Level 1

that are observable for the assets or liabilities, either directly or indirectly.

- Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

The three level fair value hierarchy, transfers between levels and a reconciliation of level 3 financial instruments are disclosed in the respective Fund's "Fund Specific Notes".

(b) Financial instruments

The Funds recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Purchases and sales of financial assets are recognized at their trade date. The Funds' investments and derivative assets and liabilities are measured at fair value through profit or loss (FVTPL).

The Funds' obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. These balances are short-term in nature and, therefore, their carrying values approximate fair value.

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Funds' accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (NAV) for transactions with unitholders, except where the last traded market price for financial assets and liabilities are not within the bid-ask spread.

The fair value of financial assets and liabilities that are not traded in an active market, including over the-counter derivatives, is determined using valuation techniques. The Funds use a variety of methods and

makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Funds, including level 3 measurements. The Manager obtains pricing from a third party pricing vendor, which is monitored and reviewed by the valuation team daily. At each financial reporting date, the Manager reviews and approves all level 3 fair value measurements. The Funds also have a Valuation Committee which includes the Chief Financial Officer and members of the finance team, as well as members of the portfolio management and compliance teams. The committee meets quarterly to perform detailed reviews of the valuations of investments held by the Fund.

The fair value of financial assets and liabilities as at the financial reporting period end dates are determined as follows:

- (i) North American equities are valued at the closing market price recorded by the security exchange on which the security is principally traded. Non-North American equities are valued at fair value provided by an independent pricing source.
- (ii) Fixed income securities, including bonds and mortgage-backed securities, are valued using models with inputs including interest rate curves, credit spreads and volatilities.
- (iii) Short-term debt instruments are carried at amortized cost, which in the opinion of the Manager, approximates fair value.
- (iv) Investments in underlying funds are valued based on the Net Asset Value per unit provided by the underlying fund's manager at the end of each valuation date.
- (v) Financial assets and liabilities other than investment securities are valued at cost or amortized cost. These balances are short-term in nature; therefore, their carrying values approximate fair values.

(d) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. Transaction costs directly attributable to the acquisition or disposal of an investment are

expensed and are included in “Transaction costs” in the Statements of Comprehensive Income. The investment cost of a security represents the amount paid and is determined on an average cost basis excluding transaction costs.

Dividend income and distributions from underlying funds are recognized on the ex-dividend date.

Interest for distribution purposes is recognized on an accrual basis based on the coupon rate. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis.

Distributions received from income trusts are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital by applying previous year characterizations reported by the trust as current year characterizations are not available until the following year.

Realized gain or loss on the sale of short-term debt instruments are recorded as an adjustment to interest income.

Income, realized gain (loss) and unrealized gain (loss) are allocated among the Series on a pro rata basis.

(e) Functional currency and foreign exchange translation

The reporting currency for the Funds is the Canadian dollar, which is the functional currency and the currency in which subscriptions and redemptions of units are primarily denominated. Any other currency other than functional currency represents foreign currency to the Funds. Amounts denominated in foreign currencies are converted into the functional currency as follows:

- (i) fair value of investments, forward and spot currency contracts and other assets and liabilities at the rates of exchange prevailing as at the valuation date; and
- (ii) purchase and sale of investments and investment income at the rates of exchange prevailing on the respective dates of such transactions.

Foreign exchange gain (loss) on purchases and sales of foreign currencies are included in “Net realized gain (loss) on foreign exchange” in the Statements of Comprehensive Income.

(f) Increase (decrease) in net assets attributable to holders of redeemable units per unit

“Increase (decrease) in net assets attributable to holders of redeemable units per unit” is disclosed in the Statements of Comprehensive Income and

represents, for each Series of units, the increase or decrease in net assets attributable to holders of redeemable units from operations for the period attributable to each Series divided by the weighted average number of units outstanding for the corresponding Series during the period.

(g) Forward contracts

As part of its investment strategy, the Funds may enter into forward contracts in order to gain exposure to the return of a specific fund (the “Reference Fund”). Under the terms of a forward contract, the Funds agree to purchase or sell a basket of Canadian equity securities at maturity of the forward contract (or may settle in whole or in part, earlier in order to fund redemptions), 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 Fund may be required to pay defined costs of the counterparty, including in relation to its loss of ability to hedge. The Canadian equity securities or other securities acceptable to the counterparty are pledged to the counterparty as security for the obligations of the Fund under the forward contract. The Fund may enter into securities lending transactions in relation to the Canadian equity securities.

These contracts are valued at the gain or loss that would arise as a result of closing the position on each valuation date. The unrealized gain or loss is reflected in the Statements of Comprehensive Income as Change in unrealized appreciation (depreciation) of forward contracts. When the contracts are closed out, the net realized gain or loss is reflected in the Statements of Comprehensive Income as part of Net realized gain (loss) on investments sold.

3. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. These estimates are made based on information available as at the date of issuance of the financial statements. Actual results could materially differ from those estimates. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Fair value measurement of derivatives and securities not quoted in an active market

Key areas of estimation, where the Manager has made complex or subjective judgments, include the determination of fair values of financial instruments and

derivatives that are not quoted in an active market. The use of valuation techniques for financial instruments and derivatives that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments and derivatives.

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, "Financial Instruments: recognition and measurement". The most significant judgments made include the determination that certain financial instruments are held-for-trading and that the fair value option can be applied to those which are not.

4. Discussion of Financial Instrument Risk

Each Fund's investment activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. Each Fund's investment practices include portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on each Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor each Fund's securities and financial market developments. The risks are measured using a method that reflects the expected impact on the results and Net Assets attributable to unitholders of the Funds from reasonably possible changes in the relevant risk variables.

The Manager maintains a risk management practice that includes monitoring compliance with investment restrictions to ensure that the Funds are being managed in accordance with the Funds' stated investment objectives, strategies and securities regulations.

Some Funds invest in underlying funds. These Funds are indirectly exposed to market risk, credit risk, and liquidity risk in the event that the underlying funds invest in financial instruments that are subject to those risks.

A Fund's exposure to market risk, credit risk and liquidity risk, where applicable, is disclosed in the respective Fund's "Fund Specific Notes". Where the exposure to a particular risk is not disclosed, the Manager has assessed the potential impact of that risk to be not significant.

(a) Market risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. Each Fund's exposure to interest rate risk is concentrated in its investments in debt securities (such as bonds and debentures) and interest rate derivative instruments, if any. Short-term investments and other assets and liabilities are short-term in nature and/or non-interest bearing and are not subject to a significant amount of interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(ii) Currency risk

The Funds may invest in monetary assets denominated in currencies other than its functional currency. Currency risk is the risk that the value of foreign investments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency. Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities that are denominated in foreign currencies do not expose the Fund to significant currency risk.

Funds may enter into foreign exchange forward contracts or currency futures contracts for hedging purposes to reduce their foreign currency risk exposure.

(iii) Other price risk

Other price risk is the risk that the fair value of a Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities. The maximum risk resulting from these financial instruments is equivalent to their fair value, except for written options and future contracts sold, where possible losses can be unlimited.

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Where the Fund invests in debt instruments, this represents the main concentration of credit risk. The fair value of debt instruments includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure to the Fund. Credit risk may also exist in relation to counterparties to futures, swaps, forward currency contracts, forward contracts. The risk of default is

considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is only made on a purchase once the securities have been received by the broker.

The credit ratings reported for counterparties to debt instruments are Standard & Poor's credit rating or Standard & Poor's equivalent for credit ratings from other approved rating agencies. In addition, custody and derivative transactions are carried out by counterparties that have a Standard & Poor's credit rating of A or higher.

The Fund may enter into forward contracts with one or more counterparties pursuant to which the counterparty will be required to sell or purchase from the applicable fund the Canadian equity securities. In entering into a forward contract the 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 relevant Reference Fund. The Fund 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 securities do not represent an interest in, or an obligation of the Reference Fund, the counterparty or any affiliate thereof. The counterparty to a forward contract may default on its obligations and the rights of the Fund may be limited to those of a creditor of the counterparty.

A Fund may enter into securities lending transactions with counterparties whereby the Fund temporarily exchanges securities for collateral with a commitment by the counterparty to deliver the same securities on a future date. Credit risk associated with these transactions is considered minimal as all counterparties have approved credit rating and the market value of cash or securities held as collateral must be at least 104% of the fair value of the securities loaned as at the end of each trading day.

(c) Liquidity risk

The Fund's exposure to liquidity risk arises primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in

securities that are not traded in an active market and may be illiquid. Illiquid securities are identified in the respective Fund's Schedule of Investment Portfolio.

(d) Concentration risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The identification and disclosure of risks concentration is provided in the respective Fund's "Fund Specific Notes".

5. Redeemable Units

Units issued and outstanding represent the capital of each Fund. Each of the Funds may issue an unlimited number of units. Each unit is redeemable at the option of the unitholder in accordance with the Limited Partnership Agreement, ranks pari passu with all other units of the Fund and entitles the unitholder to a proportionate undivided interest in the Net Asset Value of the Fund. The Funds' capital is managed in accordance with each of the Funds' investment objectives, policies and restrictions, as outlined in the Funds' prospectus. The Funds have no specific restrictions or specific capital requirements on the subscriptions or redemptions of units, other than minimum subscription requirements.

The units of each Series of the Funds are issued and redeemed at their Pricing NAV per unit of each Series which is determined as of the close of business on each day that the Toronto Stock Exchange is open for trading. The Pricing NAV per unit is calculated by dividing the NAV of the Fund by the total number of outstanding units of each Series.

Classification of Redeemable Units Issued by the Fund

The Funds' units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities. The Funds' outstanding units include a contractual obligation to distribute any net income and net realized capital gains annually in cash (at the request of the unitholder), therefore the ongoing redemption feature is not the units' only contractual obligation. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation."

For the periods ended June 30, 2014 and 2013, the following numbers of units were issued, reinvested and redeemed:

Funds	2014			2013		
	Units Issued	Units Reinvested	Units Redeemed (i)	Units Issued	Units Reinvested	Units Redeemed (i)
Scotia Canadian Corporate Bond LP						
Series I Units	231,823	–	1,369,924	5,214,457	–	5,888
Scotia Conservative Government Bond LP						
Series I Units	271,917	–	2,739,938	4,878,379	–	1,040,221
Scotia Canadian Income LP						
Series I Units	622,363	–	16,774,254	7,307,887	–	19,746

6. Expenses

The Manager is not entitled to a management fee payable by a Fund in respect of Series I units. The management fee is negotiable and paid by unitholders directly to the Manager.

Each Fund is responsible for operating expenses relating to the carrying on of its business. Each series of a Fund is allocated its own expenses and its proportionate share of the Fund's expenses that are common to all series.

Operating expenses may include legal fees and other costs incurred in order to comply with legal and regulatory requirements and policies, audit fees, custodial fees, taxes, brokerage commissions, unitholder communication costs and other administration costs. Examples of other administrative cost include departmental expenses incurred and paid by the Manager which support the daily operation of the funds. Administration service expenses paid to the Manager for the periods ended June 30, 2014 and 2013 are as follows:

Fund Name	June 30, 2014	June 30, 2013
Scotia Canadian Income LP	\$6,931	\$5,953
Scotia Conservative Government Bond LP	5,033	5,374
Scotia Canadian Corporate Bond LP	4,506	4,619

Effective August 22, 2014, the Manager pays the operating expenses of the fund, other than other fund costs (as defined below) and taxes (the "Operating Expenses"), in exchange for the payment by the fund of an annual fixed rate administration fee (the "Administration Fee") with respect to each series of the fund, subject to a transitional adjustment payment up to December 31, 2016, the details of which are presented in the fund's simplified prospectus. The Operating Expenses payable by the Manager include, but are not limited to, legal fees and other costs incurred in order to comply with legal and regulatory requirements and policies, audit fees, taxes, brokerage commissions, unitholder communication costs and other administrative costs.

In addition to the Administration Fee, the fund also pays "other fund costs", which include including the costs and expenses related to the IRC of the funds, costs associated with the conversion to International Financial Reporting Standards ("IFRS") and the ongoing audit costs associated with compliance with IFRS, the cost of any government or regulatory requirements imposed commencing after May 14, 2014, and any new types of costs, expenses or fees not incurred prior to May 14, 2014, including those related to external services that were not commonly charged in the Canadian mutual fund industry as of May 14, 2014, any fee introduced after May 14, 2014 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 Administration Fee is equal to a specified percentage of the net asset value of each series of the fund, calculated and paid in the same manner as the management fees for the fund.

Prior to August 22, 2014, the fund was responsible for its Operating Expenses, which comprise a portion of the management expense ratio of the series of the fund.

The Manager, at its sole discretion, absorbs operating expenses otherwise payable by certain Series. The absorbed expenses are reflected in the Statement of Comprehensive Income. The Manager may cease to absorb expenses at any time.

The Fund pays the counterparty of the forward agreement a forward fee of 0.35 percent on the notional value of the forward contract. The Fund also pays a hedge fee consisting of borrowing and collateral costs. Both forward and hedge fees are calculated and paid monthly in arrears and reported as Forward fees in the Statements of Comprehensive Income.

7. Client Brokerage Commissions

There were no broker commissions or soft dollars paid during period ended in connection with portfolio transactions.

8. Related Party Transactions

- The Manager is a wholly-owned subsidiary of Scotiabank and a related party to the Funds. Pursuant to the Master Management Agreement, the Manager is not entitled to any management fees from the Funds in respect of the Series I Units of the Funds. In addition, Scotiabank is the custodian of the Funds and earns a fee for providing custody and related services. The custodian fees are disclosed in separate line items in the Statement of Comprehensive Income.
- The Manager may enter into transactions and service arrangements with its affiliates. Scotia Capital Inc. may be involved in the purchase and sale of portfolio securities and currency forward contracts.
- The Manager received approval from the Independent Review Committee to invest the Funds' overnight cash with Scotiabank with interest paid by Scotiabank to the Funds based on prevailing market rates. The interest earned by the Funds is reflected in the Statements of Comprehensive Income in "Interest for distribution purposes" in the Investment income section.

9. Income Taxes

No provision for income taxes has been recorded in these financial statements as the earnings or loss of a Fund is allocated to the limited partners and the General Partner, who are responsible for any income taxes applicable thereto.

Character Conversion Transactions Tax Measures

Proposals to amend the Income Tax Act (Canada) ("Tax Act") in the Federal Budget announced on March 21, 2013 included a tax measure designed to counter character conversion transactions. The transitional rules relating to this tax measure was included in the Notice of Ways and Means Motion on October 18, 2013 as part of Bill C-4 which passed in Parliament on December 12, 2013. Under the character conversion rules, gains realized on the sale of Canadian securities by the Fund under a derivative forward agreement, where the term of the agreement or, where the agreement is part of a series, the series exceeds 180 days, will be treated as ordinary income rather than capital gains. The character conversion rules also provided grandfathering until the end of 2014 on "rolling" short term derivative forward agreements that is a continuation of a derivative forward agreement entered into prior to March 21, 2013 and if the derivative forward agreements stays within certain growth limitations. When the grandfathering period terminates, the character of gains arising with respect to the character conversion transactions will no longer be treated as a capital gain, but as ordinary income.

Management continues to monitor the Fund's activity related to its rolling short term derivative forward agreements to ensure that it complies with all of the conditions under the grandfathering. More specifically, in order to stay within the growth limitations, the Fund decreases the notional amount of its derivative forward agreements to fund redemptions and no increases are made to the notional amount resulting from new subscriptions. The Fund intends to settle all of its short term derivative forward agreements prior to December 2014.

10. Transition to IFRS

The effect of each of the Funds' transition to IFRS is summarized in this note as follows:

Transition elections

The only voluntary exemption adopted by the Funds upon transition was the ability to designate a financial asset or liability at fair value through profit and loss upon transition to IFRS. All financial assets or liabilities designated at FVTPL upon transition were previously valued at fair value

under Canadian GAAP as required by Accounting Guideline 18, Investment Companies.

Statement of cash flows

Under Canadian GAAP, the Funds were exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

Reconciliations and explanation of any significant adjustments

There were no significant adjustments between IFRS and Canadian GAAP impacting the Fund.

Classification of redeemable units issued by the Funds

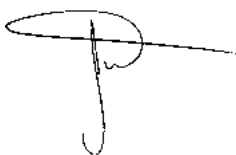
Under Canadian GAAP, the Funds accounted for their redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Funds' units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

Management's Responsibility For Financial Reporting

The accompanying financial statements of the Funds (as defined in Note 1) have been prepared by 1832 Asset Management L.P. in its capacity as manager (the "Manager") of the Funds and have been approved by the Boards of Directors of the general partners of the Funds (as defined in Note 1) and by the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P. The Boards of Directors of the general partners of the Funds and the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset management L.P. are responsible for the information and representations contained in these financial statements and the management report of fund performance.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies which the Manager believes are appropriate for the Funds are described in Note 2 to the financial statements.

The Finance Committee of the Board of Directors of 1832 Asset Management G.P. Inc. is responsible for reviewing the financial statements and the management report of fund performance and recommending them to the Boards of Directors of the general partners of the Funds and 1832 Asset Management G.P. Inc. for approval, in addition to meeting with management, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.



Jordy Chilcott
Co-President
1832 Asset Management L.P.



Stephen Morson
Chief Financial Officer
1832 Asset Management L.P.

August 11, 2014