

The Pinnacle Portfolios
Annual Information Form

Pinnacle Balanced Income Portfolio

Pinnacle Conservative Balanced Growth Portfolio

Pinnacle Balanced Growth Portfolio

Pinnacle Conservative Growth Portfolio

Pinnacle Growth Portfolio

Pinnacle All Equity Portfolio

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

The Pinnacle Portfolios and the units they offer under this annual information form are not registered with the U.S. Securities and Exchange Commission. Units of The Pinnacle Portfolios may be offered and sold in the United States only in reliance on exemptions from registration.

April 22, 2005

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NAME, FORMATION AND HISTORY OF THE PINNACLE PORTFOLIOS

This is the Annual Information Form of Pinnacle Balanced Income Portfolio, Pinnacle Conservative Balanced Growth Portfolio, Pinnacle Balanced Growth Portfolio, Pinnacle Conservative Growth Portfolio, Pinnacle Growth Portfolio and Pinnacle All Equity Portfolio (in this document we refer to these funds individually as a “Portfolio” or collectively as the “Portfolios”).

ScotiaMcLeod, a division of Scotia Capital Inc. (“ScotiaMcLeod”, “we” or “us”), is the manager and the trustee of the Portfolios. The head office and principal place of business of the Portfolios is the head office of ScotiaMcLeod, Scotia Plaza, 40 King Street West, P.O. Box 4085, Station “A”, Toronto, Ontario M5W 2X6. ScotiaMcLeod can also be contacted via telephone toll-free, at 1-800-268-9269 (416-750-3863 in Toronto) or via email through ScotiaMcLeod’s website at www.scotiamcleod.com. Information regarding ScotiaMcLeod can be obtained on ScotiaMcLeod’s website at www.scotiamcleod.com.

The following chart describes the manner in which each Portfolio was created:

| Name of Portfolio | Jurisdiction | Creation and Amendments |
|---|--------------|---|
| Pinnacle Balanced Income Portfolio | Ontario | April 22, 2005 • Master Declaration of Trust |
| Pinnacle Conservative Balanced Growth Portfolio | Ontario | April 22, 2005 • Master Declaration of Trust |
| Pinnacle Balanced Growth Portfolio | Ontario | April 22, 2005 • Master Declaration of Trust |
| Pinnacle Conservative Growth Portfolio | Ontario | April 22, 2005 ? Master Declaration of Trust |
| Pinnacle Growth Portfolio | Ontario | April 22, 2005 ? Master Declaration of Trust |
| Pinnacle All Equity Portfolio | Ontario | April 22, 2005 ? Master Declaration of Trust |

INVESTMENT RESTRICTIONS AND PRACTICES

The Portfolios’ simplified prospectus contains detailed descriptions of the investment objectives, investment strategies and risk factors for each of the Portfolios. In addition, each Portfolio and each underlying fund in which the Portfolio invests (individually, an “Underlying Fund” and collectively, the “Underlying Funds”) is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102, (the “Instrument”) which are designed in part to ensure that the investments of the Portfolios are diversified and relatively liquid and to ensure the

appropriate administration of the Portfolios. Each Portfolio is managed in accordance with these restrictions and practices.

Before a fundamental change is made to the fundamental investment objectives of a Portfolio, the prior approval of unitholders of such Portfolio is required. This approval must be given by a resolution passed by at least a majority of the votes cast at a meeting of unitholders of such Portfolio.

DESCRIPTION OF UNITS OF THE PORTFOLIOS

Each of the Portfolios is authorized to issue an unlimited number of units (the “Units”), each of which represents an equal undivided interest in the property of the Portfolio. All Units of a Portfolio are of a single class. The Units have the following characteristics.

Distribution Rights

Units will generally be entitled to equal participation in the distribution of the net income of a Portfolio, which is all income and capital gains less expenses and losses of the Portfolio.

Redemption Rights

Holders of Units are entitled to require a Portfolio to redeem their Units as described under “Redemption of Units”.

Liquidation Rights

Units of a Portfolio will be entitled to a distribution on liquidation equal to the net assets of the Portfolio, which are the assets less expenses of the Portfolio.

Voting Rights

Each unitholder of a Portfolio is entitled to vote on certain amendments to the Declaration of Trust of the Portfolio in accordance with such document or where required by securities legislation. At a unitholder meeting called to vote on these issues, the unitholder will be entitled to one vote per whole Unit.

The following matters require unitholder approval pursuant to securities legislation:

- changing the basis of the calculation of a fee or expense that is charged to a Portfolio or directly to unitholders in a way that could result in an increase in charges to the Portfolio or the unitholders. No unitholder approval will be required if a Portfolio is at arm’s length to the person or company charging the fee or expense and if written notice is sent to all unitholders at least 60 days before the effective date of the change that could result in an increase in charges to the Portfolio;

- introducing a fee or expense, to be charged to a Portfolio or directly to its unitholders by the Portfolio or the manager in connection with holding Units, in a way that could result in an increase in charges to the Portfolio or its unitholders;
- changing the manager of a Portfolio other than to an affiliate of ScotiaMcLeod;
- changing the fundamental investment objectives of a Portfolio;
- changing the auditor of a Portfolio;
- decreasing the frequency of the calculation of net asset value (for description of net asset value, please see “Calculation of Net Asset Value”);
- where a Portfolio undertakes a reorganization with, or transfers its assets to another mutual fund, and the Portfolio ceases to continue after the reorganization and the transaction results in unitholders of the Portfolio becoming unitholders of the other mutual fund; and
- where a Portfolio undertakes a reorganization with, or acquires assets from another mutual fund, continues after such reorganization and the transaction results in the unitholders of the other mutual fund becoming unitholders of the Portfolio and the transaction would be a significant change to the Portfolio.

HOW UNITS ARE VALUED

Calculation of Net Asset Value

How much a Portfolio is worth is called its “net asset value”. When a Portfolio calculates its net asset value, it determines the market value of all of its assets and subtracts all of its liabilities. The net asset value of a Unit is determined on any valuation date by dividing the net asset value of the Portfolio by the number of outstanding Units. A Unit’s net asset value is very important because it is the basis on which Units of the Portfolio are purchased and redeemed. The net asset value per Unit of a Portfolio varies from day to day. Each Portfolio calculates the net asset value of the Units at the close of business on each valuation date. Every day that the Toronto Stock Exchange is open for trading or each other day required for tax, accounting or distribution purposes of each year is a “Valuation Date”. In unusual circumstances, calculation of the net asset value per unit may be suspended, subject to obtaining any necessary regulatory approval. Aside from a transactional cash account, the Portfolios intend to invest exclusively in units of the Underlying Funds.

Valuation of Portfolio Securities and Liabilities

The net asset value of a Portfolio will be based primarily on the net asset value of the units of each Underlying Fund it holds. The net asset value of an Underlying Fund is the net asset value or similar value of the units of the Underlying Fund as provided by the manager or administrator (or any other party acting in a similar capacity) of the Underlying Fund and made available to ScotiaMcLeod as of a date proximate to the relevant Valuation Date, whether or not the units of the Underlying Fund are listed on a stock exchange. If the net asset value or similar value of an Underlying Fund is not available to ScotiaMcLeod on a Valuation Date, the value shall be based on an estimate provided by the manager or administrator (or any other party acting in a similar capacity) of the Underlying Fund or in such other manner as ScotiaMcLeod shall determine. ScotiaMcLeod may rely on any values or quotations that are supplied to it by the manager or administrator (or any other party acting in a similar capacity) of the Underlying Fund and ScotiaMcLeod shall not be required to make any investigations or inquiries as to the accuracy or validity of such values or quotations. ScotiaMcLeod shall be held harmless and shall not be responsible nor liable for any loss or damage resulting or arising from such reliance. In respect of their investments in assets other than units of the Underlying Funds, the Portfolios intend to follow the following policies when calculating their net asset value:

1. the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends or distributions received (or to be received and declared to shareholders of record on a date as of which the net asset value is being determined) and interest, accrued and not yet received, shall be deemed to be the full amount thereof, unless ScotiaMcLeod has determined that any such amount is not worth the full amount thereof, in which event the value shall be the fair value as determined by ScotiaMcLeod;
2. the liabilities of each Portfolio include:
 - all bills and accounts payable;
 - all other contractual obligations for the payment of money, including the amount of distributions declared and unpaid;
 - all administrative expenses payable or accrued;
 - all reserves authorized by ScotiaMcLeod for taxes or contingencies; and
 - all other liabilities of the Portfolio.

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

PURCHASES AND SWITCHES OF UNITS

Units of the Portfolios are offered for sale on a continuous basis without any sales commissions or other sales charges payable by you on your purchase. The minimum initial investment per Portfolio is \$25,000. Units will be issued at the net asset value per Unit next determined after the receipt by the Portfolio of the purchase order.

If the Portfolio has not received from you within three business days of the Valuation Date payment in full of the purchase price for your order, together with all necessary documents, then under applicable securities regulations and policies, the Portfolio will be deemed to have received from you and accepted on the next Valuation Date a redemption order for the same number of Units. If the amount of the redemption proceeds exceeds the purchase price of the Units, the surplus will be retained by the Portfolio. If the redemption proceeds are less than the purchase price, the Portfolio will be entitled to reimbursement from you or your dealer of that amount together with any additional costs and expenses of collection.

ScotiaMcLeod may reject a purchase order from you if you've made several purchases and redemptions (including switches) of a Portfolio within a short period of time, usually 90 days.

No certificates for the Units will be issued.

Switches are permitted from Units of one Portfolio into Units of another Portfolio provided the minimum investment requirements are met. The rules applicable to purchases and redemptions of Units also apply to switches.

Service Fees

Dealers (including ScotiaMcLeod) are compensated in connection with certain ongoing services they provide to investors in the Portfolios. As manager of the Portfolios, ScotiaMcLeod pays no more frequently than monthly, a service fee to dealers at a maximum annual rate of 1.30% of the value of Units you hold.

REDEMPTION OF UNITS

You may require a Portfolio to redeem your Units of the Portfolio by delivering to us a request in writing that a specified dollar amount be redeemed. Units will be redeemed at the net asset value per Unit next determined after the receipt by the Portfolio of the redemption order. Redemption proceeds will be deposited into your account within three business days of receipt of the documents required to complete the redemption. Upon request ScotiaMcLeod will mail to you a cheque representing the redemption proceeds or will deposit the proceeds into a designated account, provided that your cheque in payment for the purchase of any of the Units being redeemed has cleared.

If all necessary documents are not received by ScotiaMcLeod within 10 business days, under applicable securities regulations and policies, ScotiaMcLeod will be deemed to have received and accepted, as at the 10th business day after the redemption, an order for

the purchase of an equal number of Units. If the amount of the purchase price exceeds the redemption proceeds of the Units, the Portfolio will be entitled to reimbursement from you or your dealer of that amount together with any additional costs and expenses of collection. If the amount of the purchase price is less than the redemption proceeds, the surplus will be retained by the Portfolio.

ScotiaMcLeod reserves the right to redeem Units in any account at the net asset value thereof if at any time the aggregate net asset value of such Units is less than \$5,000.

Each Portfolio reserves the right to suspend the right of redemption or to postpone the date of payment of redeemed Units: (i) for any period during which normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities of the Portfolios are listed and traded, or on which permitted derivatives are traded, which represent more than 50% by value or underlying market exposure of the total assets of the Portfolios without allowance for liabilities if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practicable alternative for the Portfolios; or (ii) without the consent of the Canadian securities regulators, for any period during which ScotiaMcLeod determines that conditions exist as a result of which disposal of the assets owned by a Portfolio is not reasonably practicable or it is not reasonably practicable to determine fairly the value of its assets. In the case of suspension of the right of redemption, you may either withdraw your redemption request or receive payment based on the net asset value per Unit next determined after the termination of the suspension.

A Portfolio may charge you a short-term trading fee of up to 2% of the amount you redeem or switch, if you redeem or switch your Units within 90 days of buying them. This fee does not apply to rebalancing that is part of any automatic rebalancing service offered by ScotiaMcLeod. If securities regulations mandate the adoption of specified policies relating to short-term trading, the Portfolios will adopt such policies if and when implemented by the securities regulators. If required, these policies will be adopted without amendment to the simplified prospectus or annual information form of the Portfolios and without notice to you, unless otherwise required by such regulations.

TAX TREATMENT OF YOUR INVESTMENT

In the opinion of Torys LLP, counsel to the Portfolios, the following summary fairly describes the principal Canadian federal income tax considerations generally relevant to unitholders who, for purposes of the Tax Act, are resident in Canada, are individuals, other than a trust, or are a tax-exempt registered plan, hold their Units as capital property and deal at arm's length with the Portfolios. Counsel has been advised that the Portfolios will be "mutual fund trusts" within the meaning of the Tax Act at all material times and this summary assumes this will be the case. This summary is based upon the current provisions of the Tax Act and regulations thereunder, all specific proposals to amend the Tax Act and such regulations publicly announced by, or on behalf of, the Minister of Finance (Canada) (the "Minister") prior to the date hereof, and counsel's understanding of the current published administrative and assessing policy of the Canada Revenue Agency ("CRA"). This summary does not take into account or anticipate

any other changes in the law whether by legislative, administrative or judicial action, and it does not take into account provincial or foreign income tax legislation or considerations, which might differ from the federal considerations.

This summary is not exhaustive of all possible federal income tax considerations. This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Investors are advised to consult their own tax advisors with respect to their individual circumstances.

Tax Treatment of the Portfolios

Counsel has been advised that the policy of each Portfolio is to distribute its net income and net realized capital gains for each taxation year to unitholders to such an extent that it is not liable in any year for ordinary tax on its net income and net realized capital gains under Part I of the Tax Act (after taking into account any applicable losses and any capital gains refund to which the Portfolio is entitled).

Each Portfolio is required to compute its net income and net realized capital gains in Canadian dollars for purposes of the Tax Act. As a consequence, each Portfolio which holds foreign currency or foreign currency-denominated investments may realize gains or losses by virtue of changes in the value of foreign currency relative to the Canadian dollar.

Generally, a Portfolio is required to treat a gain or loss on derivatives as being on income account for tax purposes rather than being a capital gain or capital loss and will recognize such gain or loss for tax purposes at the time it is realized by the Portfolio.

On October 30, 2003, tax proposals (the "Tax Proposals") regarding the taxation of investments in foreign investment entities ("FIE's") contained in a Notice of Ways and Means Motion were tabled on behalf of the Minister. These Tax Proposals will apply for taxation years beginning after 2002. In general, as currently released, these rules require a Portfolio, if it invests in a "participating interest" (as defined in the Tax Proposals) of a FIE, to include in income for income tax purposes each year, one of (i) an amount equal to a prescribed percentage of the Portfolio's designated cost of its participating interest in the FIE; (ii) if the Portfolio so elects and certain conditions are met, any gain or loss on such participating interest for the year on a mark-to-market basis, whether or not such gain or loss has been realized; or (iii) if the Portfolio so elects and certain other conditions are satisfied, an amount equal to the Portfolio's proportionate share of the FIE's income or loss computed using Canadian tax rules with the assumptions and modifications set out in the Tax Proposals. In limited circumstances, the resulting gain or loss under the mark-to-market regime may be treated on capital account. Accordingly, a Portfolio may be required to include in income amounts that the Portfolio has not earned or received and unitholders will be taxable on the portion of such amounts payable to them by the Portfolio.

Tax Treatment of Unitholders

In computing income for a taxation year for tax purposes, a unitholder of a Portfolio is required to include the portion of the Portfolio's net income and the taxable portion of the Portfolio's net realized capital gains (each computed in Canadian dollars)

paid or payable by the Portfolio to the unitholder in the year (whether or not those amounts are reinvested in Units of the Portfolio) to the extent that the Portfolio deducts these amounts in computing its income for tax purposes. If the Tax Proposals referred to above are enacted as proposed, the amounts of such distributions may include amounts required to be included in a Portfolio's income under these proposals. The price of a Unit of a Portfolio may include income and/or capital gains that the Portfolio has earned, but not yet realized and/or distributed. If you buy Units of a Portfolio before it makes a distribution, you will be taxed on that distribution, even though the Portfolio earned the amount before you owned it. For example, many Portfolios make their only, or most significant, distribution of capital gains in December. If you buy Units late in the year, you may have to pay tax on the income and capital gains the Portfolio earned for the whole year. That will mean that you will pay tax on Portfolio earnings that you had no benefit from.

Counsel has been advised that each Portfolio designates, to the extent permitted by the Tax Act, the portion of the net income distributed to unitholders as may be reasonably considered to consist of respectively, (i) taxable dividends received by the Portfolio on securities of taxable Canadian corporations; and (ii) net taxable capital gains of the Portfolio. Any such designated amount is deemed for tax purposes to be received or realized by unitholders in the year as a taxable dividend and as a taxable capital gain, respectively. In the case of a unitholder who is an individual, the dividend gross-up and tax credit treatment normally applicable to taxable dividends paid by a taxable Canadian corporation applies to such dividends. Capital gains so designated will be subject to the general rules relating to the taxation of capital gains. In addition, each Portfolio may similarly make designations in respect of income from foreign sources so that, for the purposes of computing any foreign tax credit to a unitholder, the unitholder is deemed to have paid as tax to the government of a foreign country the portion of the tax paid by the Portfolio to that country that is equal to the unitholder's share of the Portfolio's income from sources in that country. Counsel has been advised that unitholders will be advised each year of the composition of amounts distributed to them.

Any fees payable directly by unitholders to ScotiaMcLeod may be deductible by unitholders for tax purposes to the extent such fees are reasonable and represent fees for services provided to unitholders in respect of the administration and management of their assets. Unitholders should contact their own tax advisors with respect to the extent to which fees payable by them to ScotiaMcLeod may be deductible.

Upon the actual or deemed disposition of a Unit of a Portfolio, including the redemption of a Unit on a switch between one Portfolio and another, a capital gain (or a capital loss) is generally realized to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the adjusted cost base to the unitholder of the Unit and any reasonable costs of disposition. Unitholders of a Portfolio must calculate the adjusted cost base separately for Units of each Portfolio owned. In general, the adjusted cost base of each Unit of a particular Portfolio is the total amount paid for all Units of that Portfolio (including the amount of Portfolio distributions reinvested in additional Units of that Portfolio) divided by the total number of Units of that Portfolio held by the unitholder.

The portion of a capital gain included in income as a taxable capital gain and the portion of a capital loss which is an allowable capital loss is one-half.

Individuals, including certain trusts and estates, are subject to an alternative minimum tax. Such persons may be liable for this alternative minimum tax resulting from realized capital gains or dividends in respect of Units of a Portfolio.

Tax Deferred Plans

Counsel has been advised that each of the Portfolios is expected to be a “mutual fund trust” for purposes of the Tax Act at all material times. In addition, counsel has been advised that each of the Pinnacle Balanced Income Portfolio, Pinnacle Conservative Balanced Growth Portfolio and Pinnacle Conservative Growth Portfolio will apply to be registered investments for tax purposes. Units of the Portfolios are therefore expected to be “qualified investments” for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, (“Registered Plans”) and registered education savings plans.

Under current law, Units of Pinnacle Balanced Growth Portfolio, Pinnacle Growth Portfolio and Pinnacle All Equity Portfolio will be classified as “foreign property” under Part XI of the Tax Act. Under current law, Registered Plans, registered pension plans, or other entities subject to tax under Part XI of the Tax Act, should ensure that purchases of these Portfolios together with other foreign property holdings are within the current foreign property limit of 30%, generally based on the cost of investments. Under current law, a penalty tax would apply if such a plan holds more foreign property than this limit permits.

The February 23, 2005 Federal Budget proposes to eliminate tax under Part XI of the Tax Act in respect of investments in foreign property by Registered Plans and other persons subject to foreign property tax. The changes will be effective for months ending in 2005 and subsequent calendar years once the budget proposal is enacted. On March 21, 2005, the Minister tabled proposed legislation in the House of Commons that would, if enacted, implement this budget proposal.

HOW THE PORTFOLIOS ARE MANAGED AND ADMINISTERED

ScotiaMcLeod’s Roles

ScotiaMcLeod, a division of Scotia Capital Inc., is the manager and trustee of each Portfolio. Scotia Capital Inc. is a subsidiary of The Bank of Nova Scotia (“Scotiabank”).

As manager, ScotiaMcLeod is responsible for providing, or arranging for the provision of, the services and facilities necessary for the operation of the Portfolios, as well as all general management and administrative services.

As trustee, ScotiaMcLeod has full control and authority over the assets, business, and affairs of the Portfolios on the terms outlined in the Portfolios’ Master Declaration of Trust.

As portfolio advisor, Scotia Capital Inc. analyses potential investments and makes investment decisions. It is responsible for managing the investment portfolios of the Portfolios. The Portfolios provide access to the same portfolio advisors as the Underlying Funds in which they invest. The individual providing advice is as follows:

| Portfolio Advisor | Current Title | Length of Service with Portfolio Advisor | Principal occupation in the last 5 years |
|--------------------------|--------------------------------|---|---|
| Willo K. Watson | Director and Portfolio Manager | 14 years | Director and Portfolio Manager, Scotia Capital Inc. |

Directors of Scotia Capital Inc.

The names, municipalities of residence and principal occupations during the preceding five years for each of the directors of Scotia Capital Inc. are as follows:

| <u>Name and Municipality of Residence</u> | <u>Position(s) Held</u> | <u>Principal Occupation</u> |
|--|-----------------------------------|---|
| Robert Brooks Oakville, Ontario | Director | Sr. Executive Vice President, Treasury & Operations The Bank of Nova Scotia |
| Hamish Angus Toronto, Ontario | Managing Director and Director | Head of ScotiaMcLeod, Scotia Capital Inc. |
| Terry Fryett Toronto, Ontario | Director | Chief Financial Officer, Scotia Capital |
| Marianne Hasold-Schilter Aurora, Ontario | Managing Director and Director | Head of ScotiaMcLeod Direct Investing, Scotia Capital Inc. |
| John F. Madden Pickering, Ontario | Managing Director and Director | Deputy Chair, Co-Head, Capital Markets Group, Scotia Capital Inc. |
| Christopher Hodgson Toronto, Ontario | Director and Co-President | Executive Vice President, Wealth Management, The Bank of Nova Scotia |

| <u>Name and Municipality of Residence</u> | <u>Position(s) Held</u> | <u>Principal Occupation</u> |
|--|---|--|
| Brian Porter Toronto, Ontario | Managing Director and Director | Executive Managing Director, Head of Canadian Capital Structure, Scotia Capital Inc. |
| Mary Cecilia Williams Mississauga, Ontario | Secretary and Director | Managing Director and Head of Compliance, Wealth Management, The Bank of Nova Scotia and Scotia Capital Inc. |
| Michael Warman Milton, Ontario | Chief Financial Officer and Director | Chief Financial Officer, Scotia Capital Inc. |
| David Wilson Toronto, Ontario | Chairman of the Board, Co-President, Chief Executive Officer and Director | Vice Chairman, The Bank of Nova Scotia and Chief Executive Officer, Scotia Capital Inc. |

During the past five years, all of the directors of Scotia Capital Inc. have held their present principal occupations (or other positions with their present employer or its affiliates) with the exception of Christopher Hodgson who was employed by Altamira Investment Services Inc., serving as Managing Director, Wealth Management, from June 1998 to July 2000, Managing Director to September 2002, and President and CEO to July 2003 and Mary Cecilia Williams who was employed by Canadian Imperial Bank of Commerce, serving as Vice President, Business Controls, CIBC Private Wealth Management and Imperial Service, from August 2002 to September 2004 and by UBS Bank Canada, serving as Executive Director and Head of Legal and Compliance from August 1999 to August 2002.

Brokerage Arrangements

The purchase and sale of portfolio securities for a Portfolio is arranged through registered brokers and dealers selected by the portfolio advisor. If otherwise consistent with best execution in the opinion of the portfolio advisor, portfolio transactions may be executed with Scotia Capital Inc. Where purchases of the same security are being made by the portfolio advisor for the Portfolios and other accounts, the portfolio advisor is required to effect transactions on an equitable basis according to the size of the respective purchase commitments.

Registrar and Transfer Agent

International Financial Data Services (Canada) Limited, Toronto, Ontario, is the registrar and transfer agent of the Portfolios and maintains the register of Units of the Portfolios at its principal office in Toronto, Ontario.

Custodian of Portfolio Securities

The Custodian for the Portfolios is State Street Trust Company Canada, Toronto, Ontario.

The Custodian Agreement permits State Street Trust Company Canada to appoint sub-custodians. State Street Trust Company Canada may appoint sub-custodians on the same terms and conditions it has with each of the Portfolios.

Auditor

The independent auditor of each of the Portfolios is PricewaterhouseCoopers, LLP whose office is located in Toronto, Ontario.

Portfolio Governance

ScotiaMcLeod, the trustee and manager of the Portfolios, is responsible for the day-to-day administration and management of the Portfolios.

ScotiaMcLeod complies with National Instrument 81-105 Mutual Fund Sales Practices. ScotiaMcLeod has a code of ethics for personal investing which addresses certain potential conflicts of interest with respect to the Portfolios. In addition, ScotiaMcLeod has adopted guidelines for business conduct, which also addresses certain internal conflicts.

OTHER STATUTORY INFORMATION ABOUT THE PORTFOLIOS**Principal Holders of Securities**

As at April 22, 2005 the only person or company owning beneficially, directly or indirectly, or exercising control or direction over more than 10% of the issued and outstanding shares of the manager of the Portfolios is Scotiabank, which owns 94.6% of the manager's common shares.

Because the Portfolios are new, as at April 22, 2005 the manager owned 100% of the issued and outstanding Units of each Portfolio.

Material Contracts

Copies of the Master Declaration of Trust, the Master Management Agreement and the Custodian Agreement, (the "Material Contracts") are available for inspection at the head office of ScotiaMcLeod during normal business hours.

Master Declaration of Trust

Scotia Capital Inc. is signatory to the Master Declaration of Trust as trustee and manager.

ScotiaMcLeod may terminate a Portfolio at any time by giving each unitholder at least 60 days' prior written notice. During this 60 day period, and with the approval of the Ontario Securities Commission, the right of unitholders of the Portfolio to require payment for their Units may be suspended.

Master Management Agreement

The Master Management Agreement dated as of April 22, 2005 is negotiated between the manager and Scotia Capital Inc., in its capacity as trustee of each Portfolio. As manager, ScotiaMcLeod receives a fee from each Portfolio pursuant to the terms of the Master Management Agreement. The Portfolios are required to pay federal goods and services tax (GST) on the fees they pay to the manager. The Portfolios pay all of their operating expenses. The Master Management Agreement may be terminated by ScotiaMcLeod giving the Portfolios 90 days' prior written notice or such shorter number of days as ScotiaMcLeod and the Portfolios may agree. The Master Management Agreement may be terminated by a Portfolio by a resolution passed by two-thirds of the votes cast by unitholders of the Portfolio at a meeting called for this purpose. For such a meeting, a quorum of unitholders representing at least one-third of the Units of the Portfolio is required. Lastly, the Master Management Agreement may be terminated immediately in the event of a bankruptcy or winding-up of Scotia Capital Inc. or the Portfolios.

Custodian Agreement

The Custodian Agreement for the Portfolios is between the Portfolios and State Street Trust Company Canada, dated as of January 29, 2002.

The Portfolios pay the Custodian all reasonable fees and expenses for custodial services, including safekeeping and administrative services. The Custodian Agreement may be terminated by either party giving 90 days' prior written notice to the other party.

Legal and Administrative Proceedings

There are no ongoing legal and administrative proceedings against ScotiaMcLeod relating to investors in the Portfolios or the Portfolios themselves.

Other Material Information

Dealer-Managed Funds

Subject to certain conditions, each of the Underlying Funds received an exemption from the Canadian securities regulators to invest in certain debt securities which, in the absence of such exemption, would be prohibited under the Instrument. Pursuant to the exemption, the Underlying Funds may:

- (a) invest in non-government debt securities even if a related party acts as an underwriter of such securities; and
- (b) purchase from, or sell to, related dealers that are principal dealers in the

Canadian debt securities market, non-government debt securities or government debt securities in the secondary market.

In accordance with the terms and conditions of the exemption, the Underlying Funds will maintain policies and procedures in place to ensure that:

- (a) there is compliance with the conditions of the exemption;
- (b) investments in non-government debt securities underwritten by a related underwriter are made in accordance with criteria for allocating such debt securities amongst the Underlying Funds;
- (c) written records of the details of each of the transactions completed in reliance on the exemption are maintained; and
- (d) transactions completed in reliance on the exemption are reviewed to ensure that they are made in the best interests of the applicable Underlying Funds.

The Underlying Funds may expand their participation in affiliated dealer underwritings if permitted by the securities regulatory authorities.

Related Party Investments

Certain Underlying Funds intend to make an application to the securities regulatory authorities to obtain relief to invest in common shares of Scotiabank. In anticipation of obtaining such relief and in anticipation of proposed regulatory changes, Eric F. Kirzner, Robert S. Bell and D. Murray Paton have been appointed members of an Independent Board of Advisors (the "Board of Advisors") to review the Underlying Funds' purchases, sales and continued holdings of common shares of Scotiabank. The members of the Board of Advisors are independent from and not associates or affiliates of the manager of the Underlying Funds, Scotiabank or any of the Underlying Funds' portfolio advisors. The Board of Advisors must act in the best interests of the Underlying Funds' unitholders. The Board of Advisors shall review, at least quarterly, an Underlying Fund's investments in common shares of Scotiabank and must be satisfied that a decision to buy, sell or hold common shares of Scotiabank is in the best interests of the Underlying Fund, is made free from any influence of Scotiabank and without taking into account any consideration relevant to Scotiabank or its associates or affiliates, and that the Underlying Fund's holdings of Scotiabank common shares do not exceed the limitations of applicable legislation. The Board of Advisors must report the results of its reviews to the Underlying Funds' manager at least quarterly and must advise the securities regulators if it determines that a decision was not made in accordance with the foregoing requirements or if any condition of the regulatory relief has not been satisfied. In addition to an annual fee, each member of the Board of Advisors will receive a fee for each meeting of the Board of Advisors attended by the member and will be reimbursed for reasonable expenses incurred for the purposes of such meetings. These fees will be allocated among the Underlying Funds in a manner considered fair and reasonable by the Board of Advisors.

The Board of Advisors may also review other matters when such review is required by the Canadian securities regulatory authorities as a condition to the Portfolios or the Underlying Funds obtaining relief from certain regulatory requirements.

AUDITOR'S CONSENT

We have read the Simplified Prospectus and Annual Information Form of the Pinnacle Balanced Income Portfolio, Pinnacle Conservative Balanced Growth Portfolio, Pinnacle Balanced Growth Portfolio, Pinnacle Conservative Growth Portfolio, Pinnacle Growth Portfolio and Pinnacle All Equity Portfolio (the "Portfolios") dated April 22, 2005 relating to the issue and sale of units of the Portfolios. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Simplified Prospectus and Annual Information Form of our report dated April 22, 2005 to the manager and trustee of the Portfolios on the statements of net assets of the Portfolios as at April 22, 2005.

(signed) "*PricewaterhouseCoopers LLP*"

Chartered Accountants

Toronto, Ontario

April 22, 2005

**CERTIFICATES OF THE FUNDS,
THE PROMOTER AND THE MANAGER**

April 22, 2005

Pinnacle Balanced Income Portfolio
Pinnacle Conservative Balanced Growth Portfolio
Pinnacle Balanced Growth Portfolio
Pinnacle Conservative Growth Portfolio
Pinnacle Growth Portfolio
Pinnacle All Equity Portfolio
(collectively, the “Portfolios”)

This annual information form, the statement of net assets dated April 22, 2005 of Pinnacle Balanced Income Portfolio, Pinnacle Conservative Balanced Growth Portfolio, Pinnacle Balanced Growth Portfolio, Pinnacle Conservative Growth Portfolio, Pinnacle Growth Portfolio and Pinnacle All Equity Portfolio, and the auditors’ report thereon, together with the simplified prospectus required to be sent or delivered to a purchaser during the currency of this annual information form, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus and do not contain any misrepresentation.

“David Wilson”

David Wilson
Chief Executive Officer
Scotia Capital Inc.

“Michael Warman”

Michael Warman
Chief Financial Officer
Scotia Capital Inc.

ON BEHALF OF
the Board of Directors of Scotia Capital Inc.,
as Promoter, Manager and Trustee of the Portfolios

“M. Cecilia Williams”

Mary Cecilia Williams
Director

“Christopher Hodgson”

Christopher Hodgson
Director

THE PINNACLE PORTFOLIOS

Pinnacle Balanced Income Portfolio

Pinnacle Conservative Balanced Growth Portfolio

Pinnacle Balanced Growth Portfolio

Pinnacle Conservative Growth Portfolio

Pinnacle Growth Portfolio

Pinnacle All Equity Portfolio

Managed by:

ScotiaMcLeod
Scotia Plaza
40 King Street West
P.O. Box 4085, Station "A"
Toronto, Ontario
M5H 1H1

Toll Free: 1-800-268-9269
(416-750-3863 in Toronto)

Additional information about the Portfolios is available in the Portfolios' financial statements. You can get a copy of the Portfolios' financial statements, including a statement of portfolio transactions, at your request, and at no cost, by calling toll free 1-800-268-9269, or from your dealer by e-mail through ScotiaMcLeod's website at www.scotiamcleod.com.

These documents and other information about the Portfolios, such as information circulars and material contracts, are also available on the SEDAR website at www.sedar.com, or on the ScotiaMcLeod website at www.scotiamcleod.com.