SCOTIA® MUTUAL FUNDS

Annual Information Form

November 1, 2007

Cash Equivalent Funds

Scotia T-Bill Fund (Class A units)
Scotia Premium T-Bill Fund (Class A units)
Scotia Money Market Fund (Class A, Class I and Scotia Private Client units)
Scotia U.S. $ Money Market Fund (formerly Scotia CanAm® U.S. $ Money Market Fund) (Class A units)

Income Funds

Scotia Mortgage Income Fund (Class A, Class F and Class I units)
Scotia Canadian Income Fund (Class A, Class F, Class I and Scotia Private Client units)
Scotia Cassels Canadian Bond Fund (Scotia Private Client units)
Scotia Cassels Short-Mid Government Bond Fund (Scotia Private Client units)
Scotia Cassels Canadian Corporate Bond Fund (Scotia Private Client units)
Scotia U.S. $ Bond Fund (formerly Scotia CanAm U.S. $ Income Fund) (Class A, Class F and Scotia Private Client units)
Scotia Global Bond Fund (formerly Scotia CanGlobal Income Fund) (Class A, Class F and Class I units)

Balanced Funds

Scotia Diversified Monthly Income Fund (Class A and Class F units)
Scotia Canadian Balanced Fund (Class A and Class F units)
Scotia Cassels Advantaged Income Fund (Scotia Private Client units)
Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund) (Class A and Class F units)

Equity Funds

Canadian Equity Funds
Scotia Canadian Dividend Fund (Class A, Class F, Class I and Scotia Private Client units)
Scotia Cassels Canadian Equity Fund (Scotia Private Client units)
Scotia Canadian Blue Chip Fund (Class A, Class F and Class I units)
Scotia Canadian Growth Fund (Class A, Class F and Class I units)
Scotia Canadian Small Cap Fund (Class A, Class F, Class I and Scotia Private Client units)
Scotia Resource Fund (Class A and Class F units)

U.S. Equity Funds
Scotia Cassels North American Equity Fund (Scotia Private Client units)
Scotia Cassels U.S. Equity Fund (Scotia Private Client units)
Scotia U.S. Growth Fund (formerly Scotia American Growth Fund) (Class A, Class F and Class I units)

Scotia U.S. Value Fund (formerly Capital U.S. Large Companies Fund) (Class A, Class F and Class I units)

International Equity Funds
Scotia International Value Fund (formerly Capital International Large Companies Fund) (Class A, Class F and Class I units)
Scotia Cassels International Equity Fund (Scotia Private Client units)
Scotia European Fund (formerly Scotia European Growth Fund) (Class A and Class F units)
Scotia Pacific Rim Fund (formerly Scotia Pacific Rim Growth Fund) (Class A, Class F and Class I units)
Scotia Latin American Fund (formerly Scotia Latin American Growth Fund) (Class A, Class F and Class I units)

Global Equity Funds
Scotia Global Growth Fund (Class A, Class F and Class I units)
Scotia Global Small Cap Fund (formerly Capital Global Small Companies Fund) (Class A, Class F and Class I units)
Scotia Global Opportunities Fund (formerly Capital Global Discovery Fund) (Class A, Class F and Class I units)

Index Funds

Scotia Canadian Bond Index Fund (Class A, Class F and Class I units)
Scotia Canadian Index Fund (formerly Scotia Canadian Stock Index Fund) (Class A, Class F and Class I units)
Scotia U.S. Index Fund (formerly Scotia American Stock Index Fund) (Class A, Class F and Class I units)
Scotia CanAm® Index Fund (formerly Scotia CanAm Stock Index Fund) (Class A and Class F units)
Scotia Nasdaq Index Fund (Class A and Class F units)
Scotia International Index Fund (formerly Scotia International Stock Index Fund) (Class A, Class F and Class I units)

Scotia Portfolios

Scotia Selected® Portfolios
Scotia Selected Income & Modest Growth Portfolio (formerly Scotia Selected Income & Modest Growth Fund) (Class A and Class F units)
Scotia Selected Balanced Income & Growth Portfolio (formerly Scotia Selected Balanced Income & Growth Fund) (Class A and Class F units)
Scotia Selected Moderate Growth Portfolio (formerly Scotia Selected Conservative Growth Fund) (Class A and Class F units)
Scotia Selected Aggressive Growth Portfolio (formerly Scotia Selected Aggressive Growth Fund) (Class A and Class F units)

Scotia Partners Portfolios®
Scotia Partners™ Income & Modest Growth Portfolio (Class A and Class F units)
Scotia Partners Balanced Income & Growth Portfolio (Class A and Class F units)

Scotia Partners Moderate Growth Portfolio (formerly Scotia Partners Conservative Growth Portfolio) (Class A and Class F units)
Scotia Partners Aggressive Growth Portfolio (Class A and Class F units)

Scotia Vision™ Portfolios
Scotia Vision Conservative 2010 Portfolio (formerly Scotia Vision Conservative 2010 Fund) (Class A units)
Scotia Vision Aggressive 2010 Portfolio (formerly Scotia Vision Aggressive 2010 Fund) (Class A units)
Scotia Vision Conservative 2015 Portfolio (formerly Scotia Vision Conservative 2015 Fund) (Class A units)
Scotia Vision Aggressive 2015 Portfolio (formerly Scotia Vision Aggressive 2015 Fund) (Class A units)
Scotia Vision Conservative 2020 Portfolio (formerly Scotia Vision Conservative 2020 Fund) (Class A units)
Scotia Vision Aggressive 2020 Portfolio (formerly Scotia Vision Aggressive 2020 Fund) (Class A units)
Scotia Vision Conservative 2030 Portfolio (formerly Scotia Vision Conservative 2030 Fund) (Class A units)
Scotia Vision Aggressive 2030 Portfolio (formerly Scotia Vision Aggressive 2030 Fund) (Class A units)

(collectively, the "Funds")

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

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

TABLE OF CONTENTS
SCOTIA MUTUAL FUNDS

NAMES AND FORMATION OF THE FUNDS 1

INVESTMENT RESTRICTIONS AND PRACTICES 10

- Global Bond Fund 10
- Resource Fund 11
- Mortgage Income Fund 11
- Analysis of Mortgage Portfolio 14
- Self-Dealing Restrictions for Dealer-Managed Mutual Funds 15
- Related Party Investments 16
- Derivatives 17

UNITS OF THE FUNDS 17

- What are Units of the Funds? 17
- Class A Units, Class F Units, Class I Units and Scotia Private Client Units 18
- Special Considerations - U.S. Money Market Fund and U.S. Bond Fund 19
- How the Units are Valued 19

HOW TO PURCHASE AND SELL UNITS OF THE FUNDS 22

- How to Purchase Units 22
- Sales Charges 25
- Sales Commissions 25
- Service Fees and Sales Incentive Programs 25
- How to Sell Units 25
- How to Submit a Sell Order 26

INVESTMENT OPTIONS 27

- Pre-Authorized Contributions 27
- *ican Invest*™ Program 27
- Registered Plans 27
- Automatic Withdrawal Plan 28

TAX TREATMENT OF YOUR INVESTMENT 29

- Tax Status of the Funds 29
- Unitholders Tax Status 30
- Tax Sheltered Plans 31

HOW THE FUNDS ARE MANAGED AND ADMINISTERED 31

- The Manager 31
- Organization and Management of the Scotia Mutual Funds Family 32
- The Portfolio Advisors 36
- Fund Governance 49
- Policies on the use of Derivatives 56
- The Distributor 56
- Portfolio Transactions and Brokers 58
- Changes to the Declarations of Trust 58
- The Promoter 59
- The Custodian 59

OTHER MATERIAL INFORMATION 59

Principal Holders of Securities 59
Material Contracts 64
Fund Mergers 67
Change of Investment Objectives 68
Related Party Transactions 68
Portfolio Advisor Changes 69
Fund Manager Changes 69
Auditors, Transfer Agent and Registrar 69
AUDITORS' CONSENT 71
AUDITORS' CONSENT 73
CERTIFICATE OF THE FUNDS AND THE MANAGER OF THE FUNDS 74
CERTIFICATE OF THE PROMOTER 76
CERTIFICATE OF THE PRINCIPAL DISTRIBUTOR 78

SCOTIA MUTUAL FUNDS

NAMES AND FORMATION OF THE FUNDS

The Scotia Mutual Funds family of mutual funds (individually a "Fund" and collectively the "Funds") consists of 55 open-end mutual fund trusts governed under the laws of Ontario:

(1) Scotia T-Bill Fund ("T-Bill Fund")

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

(2) Scotia Premium T-Bill Fund ("Premium T-Bill Fund")

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

(3) Scotia Money Market Fund ("Money Market Fund")

Prior to October 24, 1998 this Fund was named Scotia Excelsior Money Market Fund.

(4) Scotia U.S. $ Money Market Fund ("U.S. Money Market Fund")

Prior to November 1, 2007 this Fund was named Scotia CanAm U.S. $ Money Market Fund.

Prior to October 24, 1998 this Fund was named Scotia CanAm Money Market Fund.

(5) Scotia Mortgage Income Fund ("Mortgage Income Fund")

Prior to October 24, 1998 this Fund was named Scotia Excelsior Mortgage Fund.

(6) Scotia Canadian Income Fund ("Income Fund")

Prior to October 24, 1998 this Fund was named National Trust Canadian Bond Fund.

(7) Scotia Cassels Canadian Bond Fund ("Cassels Bond Fund")

(8) Scotia Cassels Short-Mid Government Bond Fund ("Cassels Government Bond Fund")

(9) Scotia Cassels Canadian Corporate Bond Fund ("Cassels Corporate Bond Fund")

Prior to October 28, 2005 this Fund was named Scotia Canadian Corporate Bond Fund.

(10) Scotia U.S. $ Bond Fund ("U.S. Bond Fund")

Prior to November 1, 2007 this Fund was named Scotia CanAm U.S. $ Income Fund.

Prior to October 24, 1998 this Fund was named Scotia CanAm Income Fund.

(11) Scotia Global Bond Fund ("Global Bond Fund")

Prior to November 1, 2007 this Fund was named Scotia CanGlobal Income Fund.

Prior to October 24, 1998 this Fund was named National Trust International RSP Bond Fund.

(12) Scotia Diversified Monthly Income Fund ("Monthly Income Fund")

(13) Scotia Canadian Balanced Fund ("Balanced Fund")

Prior to October 24, 1998 this Fund was named National Trust Balanced Fund.

(14) Scotia Cassels Advantaged Income Fund ("Cassels Advantaged Income Fund")

(15) Scotia Canadian Tactical Asset Allocation Fund ("Tactical Allocation Fund")

Prior to April 23, 2007 this Fund was named Scotia Total Return Fund.

Prior to October 24, 1998 this Fund was named Scotia Excelsior Total Return Fund.

Prior to October 1, 1995 this Fund was named Montreal Trust Excelsior Total Return.

(16) Scotia Canadian Dividend Fund ("Dividend Fund")

Prior to October 24, 1998 this Fund was named National Trust Dividend Fund.

(17) Scotia Cassels Canadian Equity Fund ("Cassels Canadian Equity Fund")

(18) Scotia Canadian Blue Chip Fund ("Canadian Blue Chip Fund")

(19) Scotia Canadian Growth Fund ("Canadian Growth Fund")

Prior to October 24, 1998 this Fund was named Scotia Excelsior Canadian Growth Fund.

Prior to October 1, 1995 this Fund was named Montreal Trust Excelsior Fund - Equity Section.

(20) Scotia Canadian Small Cap Fund ("Small Cap Fund")

Prior to October 24, 1998 this Fund was named National Trust Special Equity Fund.

(21) Scotia Resource Fund ("Resource Fund")

Prior to November 30, 2001 this Fund was named Scotia Precious Metals Fund.

Prior to October 24, 1998 this Fund was named Scotia Excelsior Precious Metals Fund.

(22) Scotia Cassels North American Equity Fund ("Cassels North American Equity Fund")

(23) Scotia Cassels U.S. Equity Fund ("Cassels U.S. Equity Fund")

(24) Scotia U.S. Growth Fund ("U.S. Growth Fund")

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

Prior to October 24, 1998 this Fund was named Scotia Excelsior American Equity Growth Fund.

(25) Scotia U.S. Value Fund ("U.S. Value Fund")

Prior to April 23, 2007 this Fund was named Capital U.S. Large Companies Fund.

(26) Scotia International Value Fund ("International Value Fund")

Prior to April 23, 2007 this Fund was named Capital International Large Companies Fund.

(27) Scotia Cassels International Equity Fund ("Cassels International Equity Fund")

(28) Scotia European Fund ("European Fund")

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

Prior to October 24, 1998 this Fund was named Scotia Excelsior European Fund.

(29) Scotia Pacific Rim Fund ("Pacific Rim Fund")

Prior to November 1, 2007 this Fund was named Scotia Pacific Rim Growth Fund.

Prior to October 24, 1998 this Fund was named Scotia Excelsior Pacific Rim Fund.

(30) Scotia Latin American Fund ("Latin American Fund")

Prior to November 1, 2007 this Fund was named Scotia Latin American Growth Fund.

Prior to October 24, 1998 this Fund was named Scotia Excelsior Latin American Fund.

(31) Scotia Global Growth Fund ("Global Fund")

Prior to September 18, 2001 this Fund was named Scotia International Growth Fund.

Prior to October 24, 1998 this Fund was named Scotia Excelsior International Fund.

Prior to October 1, 1995 this Fund was named Montreal Trust Excelsior Fund - International Section.

(32) Scotia Global Small Cap Fund ("Global Small Cap Fund")

Prior to April 23, 2007 this Fund was named Capital Global Small Companies Fund.

(33) Scotia Global Opportunities Fund ("Global Opportunities Fund")

Prior to April 23, 2007 this Fund was named Capital Global Discovery Fund.

(34) Scotia Canadian Bond Index Fund ("Canadian Bond Index Fund")

(35) Scotia Canadian Index Fund ("Canadian Index Fund")

Prior to November 1, 2007 this Fund was named Scotia Canadian Stock Index Fund.

Prior to October 24, 1998 this Fund was named National Trust Canadian Index Fund.

(36) Scotia U.S. Index Fund ("U.S. Index Fund")

Prior to November 1, 2007 this Fund was named Scotia American Stock Index Fund.

Prior to October 24, 1998 this Fund was named National Trust U.S. Index Fund.

(37) Scotia CanAm Index Fund ("CanAm Index Fund")

Prior to November 1, 2007 this Fund was named Scotia CanAm Stock Index Fund.

Prior to October 24, 1998 this Fund was named Scotia CanAm Growth Fund.

(38) Scotia Nasdaq Index Fund ("Nasdaq Index Fund")

(39) Scotia International Index Fund ("International Index Fund")

Prior to November 1, 2007 this Fund was named Scotia International Stock Index Fund.

(40) Scotia Selected Income & Modest Growth Portfolio ("Selected Income Portfolio")

Prior to November 1, 2007 this Fund was named Scotia Selected Income & Modest Growth Fund.

(41) Scotia Selected Balanced Income & Growth Portfolio ("Selected Balanced Portfolio")

Prior to November 1, 2007 this Fund was named Scotia Selected Balanced Income & Growth Fund.

(42) Scotia Selected Moderate Growth Portfolio ("Selected Moderate Portfolio")

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

(43) Scotia Selected Aggressive Growth Portfolio ("Selected Aggressive Portfolio")

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

(44) Scotia Partners Income & Modest Growth Portfolio ("Income Portfolio")

(45) Scotia Partners Balanced Income & Growth Portfolio ("Balanced Portfolio")

(46) Scotia Partners Moderate Growth Portfolio ("Moderate Growth Portfolio").

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

(47) Scotia Partners Aggressive Growth Portfolio ("Aggressive Growth Portfolio")

(48) Scotia Vision Conservative 2010 Portfolio ("Conservative 2010 Portfolio")

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

(49) Scotia Vision Aggressive 2010 Portfolio ("Aggressive 2010 Portfolio")

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

(50) Scotia Vision Conservative 2015 Portfolio ("Conservative 2015 Portfolio")

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

(51) Scotia Vision Aggressive 2015 Portfolio ("Aggressive 2015 Portfolio")

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

(52) Scotia Vision Conservative 2020 Portfolio ("Conservative 2020 Portfolio")

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

(53) Scotia Vision Aggressive 2020 Portfolio ("Aggressive 2020 Portfolio")

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

(54) Scotia Vision Conservative 2030 Portfolio ("Conservative 2030 Portfolio")

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

(55) Scotia Vision Aggressive 2030 Portfolio ("Aggressive 2030 Portfolio")

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

The above mutual funds are collectively referred to as the "Funds". The Income Portfolio, Balanced Portfolio, Moderate Growth Portfolio and Aggressive Growth Portfolio are collectively referred to as the "Scotia Partners Portfolios". The Selected Income Portfolio, Selected Balanced Portfolio, Selected Moderate Portfolio and Selected Aggressive Portfolio are collectively referred to as the "Scotia Selected Portfolios". The Conservative 2010 Portfolio, Aggressive 2010 Portfolio, Conservative 2015 Portfolio, Aggressive 2015 Portfolio, Conservative 2020 Portfolio, Aggressive 2020 Portfolio, Conservative 2030 Portfolio and Aggressive 2030 Portfolio are collectively referred to as the "Scotia Vision Portfolios". Collectively, the Money Market Fund, Income Fund, Cassels Government Bond Fund, Cassels Corporate Bond Fund, Cassels Advantaged Income Fund, Dividend Fund, U.S. Bond Fund, Small Cap Fund, Cassels Canadian Equity Fund, Cassels North American Equity Fund, Cassels

U.S. Equity Fund and Cassels International Equity Fund are known as the "Scotia Private Client Class Funds".

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

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

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

U.S. Money Market Fund and European Fund were created pursuant to declarations of trust dated September 3, 1996, as amended and restated on October 1, 1999 and December 1, 1999 and, in the case of European Fund, as amended and restated on November 30, 2000. The declaration of trust for each of U.S. Money Market Fund and European Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005. On November 1, 2007, Schedule A to the Master Declaration of Trust was amended to change the names of these Funds.

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

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

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

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

1, 2007, Schedule A to the Master Declaration of Trust was amended to change the name of the Global Bond Fund.

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

Dividend Fund was created pursuant to a declaration of trust dated October 28, 1992, as amended and restated on October 24, 1998, on December 1, 1999, on November 30, 2000 and on April 22, 2003. The declaration of trust for Dividend Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005.

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

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

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

Resource Fund was created pursuant to a declaration of trust dated July 6, 1993, as amended and restated on December 1, 1999, on November 30, 2000 and on November 30, 2001.

The declaration of trust for Resource Fund was further restated by a Master Declaration of Trust dated as of February 14, 2005.

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

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

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

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

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

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

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

Schedule A to the Master Declaration of Trust was amended to change the names of the Scotia Selected Portfolios.

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

Each of the Scotia Vision Portfolios, the Monthly Income Fund, Cassels Bond Fund, Cassels Canadian Equity Fund, Cassels North American Equity Fund, Cassels U.S. Equity Fund and Cassels International Equity Fund was created pursuant to an amendment dated June 10, 2005 to Schedule A to the Master Declaration of Trust dated as of February 14, 2005. On November 1, 2007, Schedule A to the Master Declaration of Trust was amended to change the names of the Scotia Vision Portfolios.

Each of Cassels Government Bond Fund and Cassels Advantaged Income Fund was created pursuant to an amendment dated September 30, 2007 to Schedule A to the Master Declaration of Trust dated as of February 14, 2005.

On October 1, 1999, the declaration of trust with respect to each of Money Market Fund, Income Fund, Dividend Fund, Canadian Blue Chip Fund and U.S. Growth Fund was amended to establish an additional class of units, on November 29, 2002 the declaration of trust of Small Cap Fund was amended to establish an additional class of units, and on October 28, 2005 Schedule A to the Master Declaration of Trust with respect to Mortgage Income Fund was amended to establish an additional class of units in each case called the Scotia Private Client units, which are intended for sale to clients of Scotia Cassels Investment Counsel Limited ("Scotia Cassels") and Scotiatrust.

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

On November 30, 2000, the declaration of trust with respect to each of the Funds that was created prior to November 30, 2000 other than T-Bill Fund, Premium T-Bill Fund, Money Market Fund and U.S. Money Market Fund was amended to establish an additional class of units, the Class F units, which are offered for sale to investors who have fee-based accounts with ScotiaMcLeod, a division of Scotia Capital Inc. ("Scotia Capital"), or as otherwise permitted by Scotia Securities Inc. ("SSI").

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

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

SSI is the trustee (the "Trustee") and the manager (the "Manager") of the Funds. The head office of the Funds and of the Trustee and the Manager is located at 40 King Street West, 16th Floor, Toronto, Ontario M5H 1H1.

INVESTMENT RESTRICTIONS AND PRACTICES

Except for the deviations described below, each of the Funds is subject to and follows the investment restrictions and practices outlined in applicable securities legislation, including National Instrument 81-102 *Mutual Funds* ("NI 81-102"). In particular, the Funds may use derivatives as well as enter into securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102. The risk factors associated with derivatives, securities lending, repurchase and reverse repurchase transactions and the way the risks are managed are disclosed in the simplified prospectus of the Funds. By following the investment restrictions and practices outlined in applicable securities legislation and NI 81-102, it is ensured that the Funds are administered properly and the portfolios of the Funds maintain a desirable level of diversity and liquidity. Please refer to the simplified prospectus of the Funds for a description of the investment objectives of each Fund. The fundamental investment objectives of a Fund may not be changed without the approval of a majority of voting unitholders. The Funds which do not adhere to the investment restrictions and practices set out in applicable securities legislation or NI 81-102 have received the permission of the securities regulatory authorities to do so.

Global Bond Fund

The Global Bond Fund may invest:

(i) up to 20% of its net assets in securities issued or guaranteed as to principal and interest by any government or agency thereof (other than a government of Canada or a province thereof or of the United States, in which investment by all of the Funds is unrestricted) or any of the International Bank for Reconstruction and Development (more commonly known as the World Bank), the Inter-American Development Bank, the Asian Development Bank, the Caribbean Development Bank, the International Finance Corporation, the European Bank for Reconstruction and Development and the European Investment Bank (collectively, "permitted agencies"), provided that the securities have a minimum AA rating by Standard & Poor's Corporation or the equivalent rating by any other rating agency listed in NI 81-102; or

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

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

Resource Fund

In the case of the Resource Fund, the restrictions in NI 81-102 on a fund's ability to invest in gold and gold certificates and to buy and sell commodities do not apply.

Mortgage Income Fund

In accordance with National Policy Statement No. 29, the Mortgage Income Fund will not:

- invest in mortgages, other than first mortgages on real estate situated in Canada which has been appraised by a qualified appraiser (as hereinafter defined);

- invest in mortgages on raw or undeveloped land or in mortgages with loan-to-value ratios exceeding 75% unless such mortgages are insured under the National Housing Act (Canada) or any similar act of a province, or the excess over 75% is insured by an insurance company registered or licensed under the Insurance Companies Act (Canada) or insurance acts or similar acts of a Canadian province or territory;

- invest more than the lesser of $1,000,000 or 5% of its net assets in any one mortgage so long as it has net assets of less than $50,000,000, and not more than 2% of its net assets in any one mortgage where it has net assets of $50,000,000 or more, and for the purposes of this paragraph, a series of mortgages on one condominium development shall be considered as one mortgage;

- invest in mortgages on residential properties of more than 8 units or on commercial and industrial properties until it has net assets of at least $15,000,000, and then not if, as a result of such investment, more than 40% of its net assets would consist of such mortgages (provided that such mortgages in excess of 20% of its net assets must be insured by an agency of the Government of Canada or of a province of Canada);

- invest in mortgages having an amortization period exceeding 30 years, unless the mortgages are insured under the National Housing Act (Canada) or any similar act of a province, or in mortgages on residential properties of more than 8 units or on commercial and industrial properties having a remaining term to maturity of more than 10 years, or in mortgages on any other classification of property having a remaining term of more than 5 years except that up to 10% of its net assets may be invested in residential mortgages with maturities up to 10 years;

- invest in mortgages on a property in which:

  - any senior officer or director of SSI, or

  - The Bank of Nova Scotia, or any person or company, or combination of persons or companies, that beneficially owns directly or indirectly more

than 10% of the units of Mortgage Income Fund or of the voting rights attached to all outstanding equity shares of SSI, or

- any associate or affiliate of persons or institutions mentioned in sub-paragraph (i) or (ii) (except in the case of a mortgage on a single family dwelling for less than $75,000),

has an interest as mortgagor; and

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

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

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

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

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

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

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

(b) at that principal amount which will produce the same yield to the fund as the interest rate charged by the lending institution to the mortgagor on the date of commitment provided that the date of commitment is not more than 120 days prior to the date of acquisition of the mortgage by the fund, and the interest rate is equal to the rate at which the lending institution made commitments to loan on the security of comparable mortgages on the date of commitment; or

(c) at that principal amount which will produce a yield to the fund of not more than 1/4 of 1% less than the interest rate at which the lending institution is making commitments, at the time of purchase, to loan on the security of comparable mortgages, provided that the lending institution which sells mortgages to the fund has entered into an agreement to repurchase the mortgages from the fund in circumstances benefiting the fund and that such an agreement is considered by the administrators to justify the difference in yield to the fund.

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

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

its management report of fund performance or financial statements relating to mortgages purchased or sold through BNS or SMC.

Analysis of Mortgage Portfolio

Mortgages by contractual interest rates as at October 4, 2007

	Number of Mortgages	Rate of Interest (%)	Principal ($)	Market Value ($)
	4	3.75 - 3.99	414,446	410,812
	8	4.00 - 4.24	910,335	904,646
	15	4.25 - 4.49	1,910,496	1,878,175
	91	4.50 - 4.74	13,645,523	13,352,951
	466	4.75 - 4.99	58,669,328	57,647,574
	453	5.00 - 5.24	53,186,989	52,550,063
	755	5.25 - 5.49	81,095,473	80,621,683
	647	5.50 - 5.74	66,884,220	66,808,111
	345	5.75 - 5.99	32,401,233	32,544,790
	180	6.00 - 6.24	12,466,756	12,556,738
	140	6.25 - 6.49	10,060,530	10,170,166
	70	6.50 - 6.74	4,838,933	4,915,871
	66	6.75 - 6.99	4,924,955	5,052,116
	26	7.00 - 7.24	1,658,153	1,707,949
	18	7.25 - 7.49	1,167,664	1,190,566
	7	7.50 - 7.74	244,963	247,913
	1	7.75 - 7.99	51,813	52,467
	3	8.00 - 8.24	105,838	110,845
Total	3,295		344,637,648	342,723,436

Mortgages by year of maturity as at October 4, 2007

	Year Ended	Number of Mortgages	Principal ($)	Market Value ($)
	2007	157	12,735,823	12,731,617
	2008	675	56,749,836	56,587,769
	2009	547	60,565,431	60,149,185
	2010	587	59,165,847	58,563,067
	2011	649	71,749,323	71,454,129
	2012	528	67,532,400	67,402,276
	2013	152	16,138,988	15,835,393
Total		3,295	344,637,648	342,723,393

Mortgages by geographic location as at October 4, 2007

Province	Number of Mortgages	Principal ($)	Market Value ($)
Ontario	1,599	182,646,397	181,616,905
Alberta	436	49,886,394	49,604,450
British Columbia	376	49,131,287	48,767,930

Province	Number of Mortgages	Principal ($)	Market Value ($)
Quebec	248	21,093,503	21,059,361
Nova Scotia	226	14,880,261	14,824,879
New Brunswick	177	11,249,154	11,197,472
Manitoba	88	6,430,167	6,388,355
Newfoundland	67	3,818,157	3,804,422
Saskatchewan	42	2,667,565	2,637,535
Prince Edward Island	29	1,621,594	1,614,803
Yukon	5	711,304	709,101
Northwest Territories	2	501,865	498,223
Total	3,295	344,637,648	342,723,436

Mortgages by type of property as at October 4, 2007

	Number of Mortgages	Principal ($)	Market Value ($)
Single family Dwelling	2,878	307,014,006	305,310,489
Multi-Unit Dwelling of up to 8 Units	124	12,865,378	12,809,122
Condominiums	293	24,758,264	24,603,825
Total	3,295	344,637,648	342,723,436

Mortgages in arrears as at October 4, 2007

There were no mortgages in arrears as at October 4, 2007.

Self-Dealing Restrictions for Dealer-Managed Mutual Funds

The Funds that are considered to be "dealer-managed funds" for the purposes of NI 81-102 are subject to certain additional restrictions.

Unless the transaction is approved by the Independent Review Committee of the Funds, these Funds shall not knowingly make an investment in any class of securities of any issuer, other than those issued or fully and unconditionally guaranteed by the Government of Canada or of a Province (or by an agency thereof):

(a) for which the Funds' portfolio advisor, or an associate or affiliate of the portfolio advisor, has acted as an underwriter in the distribution of such class of securities of the issuer (except as a member of the selling group distributing 5% or less of the securities underwritten) for a period of at least 60 days following the conclusion of the distribution of the underwritten securities to the public; or

(b) of which any partner, director, officer or employee of the portfolio advisor or any partner, director, officer or employee of any affiliate or associate of the portfolio advisor is an officer or director, provided that this prohibition shall not apply where any such partner, director, officer or employee does not participate in the formulation of investment decisions made on behalf of the Funds; does not have access prior to implementation of investment decisions made on behalf of the Funds; and does not influence (other than through research, statistical and other

reports generally available to clients) the investment decisions made on behalf of the Funds.

Subject to certain conditions, the Funds have received an exemption from the Canadian Securities Administrators ("CSA") to invest in certain debt securities which, in the absence of such exemption, would be prohibited under NI 81-102. Pursuant to the exemption, these Funds may 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, these Funds will maintain policies and procedures in place to ensure that:

(a) there is compliance with the conditions of the exemption;

(b) non-government debt securities purchased pursuant to the exemption have an approved rating by an approved rating agency, such as Moody's Investors Service, Inc. or Standard & Poor's Corporation;

(c) the issuer of the non-government debt securities is not a related or connected issuer of the dealer manager or related dealer, or any of their respective associates or affiliates;

(d) trades in non-government debt securities and government debt securities with a related dealer in the secondary market are made on terms better than the terms quoted by one or more dealers who are not affiliates or associates of the related dealer ("Third Party Dealers");

(e) in connection with trades in government and non-government debt securities in the secondary market with a related dealer, the dealer manager maintains a daily record of all such trades, written records of the quotations received from Third Party Dealers, daily consolidated records of all quotations received from Third Party Dealers, and the Manager conducts a timely review of each Fund's trades with a related dealer to confirm that such trades are in the best interests of the Fund;

(f) written records of the details of each trade completed in reliance on the exemption are maintained; and

(g) reports are filed with the securities regulators with respect to such trades as required by the exemption.

The Manager monitors compliance with these policies and procedures and reports its findings to the board of directors and Independent Review Committee on a regular basis.

Related Party Investments

The Funds are permitted to invest in securities of The Bank of Nova Scotia ("BNS" or "Scotiabank"), which is the parent company of the Manager, and securities of other parties

related to the portfolio advisors of the Funds, subject to certain conditions imposed by the Independent Review Committee of the Funds. The Independent Review Committee has reviewed SSI's policies and procedures related to investing in securities of related parties and has given its approval, as a standing instruction, for the Funds to invest in such related party securities. Pursuant to this standing instruction and any conditions set out in the standing instruction, the Funds may purchase common shares of BNS and the U.S. Index Fund may invest in securities of the parent company of its portfolio advisor, State Street Global Advisors, Ltd. ("State Street").

Derivatives

The Funds may use or invest in derivative instruments consistent with their investment objectives and as permitted by the CSA. The Funds may use derivatives to hedge against certain investment risks, such as currency and interest rate fluctuations and stock market volatility. The Funds may also invest in derivatives for non-hedging purposes, such as creating exposure to domestic and international financial markets, investing in financial market downturns and facilitating and reducing the cost of portfolio transactions.

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

UNITS OF THE FUNDS

What are Units of the Funds?

Each of the Funds is authorized to issue an unlimited number of units, each of which represents an equal undivided interest in the property of that particular Fund. All units of a Fund of the same class have equal rights and privileges with respect to the distribution of income and liquidation of the assets of the Fund after deducting expenses allocated to that class of that particular Fund. There is no "par value" or similar fixed value for units of any of the Funds. Rather, the value of each unit will fluctuate proportionately with the market value of the assets of a Fund. U.S. Money Market Fund and U.S. Bond Fund are valued and reported for most purposes in U.S. dollars. The value of a unit of each Fund at any given time is called the "NAV per unit" and the procedures followed in calculating the NAV per unit are summarized below under "How the Units are Valued".

When issued, the units of each Fund are fully paid and non-assessable and have no pre-emptive or conversion rights. Fractions of units may also be issued. As a holder of units of a Fund, you are entitled to require the Fund to redeem your units at the price described under "How to Sell Units". Your units are generally redeemable without restriction. As a unitholder of a Fund, you have the right to exercise one vote for each whole unit held at all meetings of unitholders of that class of units of that particular Fund. Fractional units carry the rights and privileges and are subject to the restrictions and conditions described above for units in the proportions which they bear to one unit, except that any holder of a fractional unit is not entitled to vote in respect of such fractional unit.

Unitholders are entitled to receive notice of unitholder meetings. At unitholder meetings, unitholders are entitled to one vote for each whole unit owned by them. Subject to any exemption of the CSA obtained by a Fund, Unitholders currently have the right to vote on:

1. the appointment of a new manager, unless the new manager is an affiliate of SSI;

2. a change in the fundamental investment objectives of a Fund;

3. a decrease in the frequency of calculating the NAV per unit of a Fund;

4. in certain limited circumstances, a merger of a Fund into another Fund where the unitholders of the Fund will become the unitholders of another Fund as a result of the merger; and

5. in certain limited circumstances, a merger of a Fund into another Fund (the "Continuing Fund") where the merger would be a significant change for the unitholders of the Continuing Fund.

Because unitholders are not charged sales commissions or redemption fees when they invest in or redeem units of the Funds, unitholder meetings are not required to approve any increase in the fees or expenses charged to the Funds if unitholders are notified of the change at least 60 days before the effective date of the increase.

Class A Units, Class F Units, Class I Units and Scotia Private Client Units

All of the Funds, other than Cassels Government Bond Fund, Cassels Corporate Bond Fund, Cassels Bond Fund, Cassels Advantaged Income Fund, Cassels Canadian Equity Fund, Cassels North American Equity Fund, Cassels U.S. Equity Fund and Cassels International Equity Fund issue Class A units. Each of the Funds, other than the T-Bill Fund, Premium T-Bill Fund, Money Market Fund, U.S. Money Market Fund, Cassels Government Bond Fund, Cassels Corporate Bond Fund, Cassels Bond Fund, Cassels Advantaged Income Fund, Cassels Canadian Equity Fund, Cassels North American Equity Fund, Cassels U.S. Equity Fund, Cassels International Equity Fund and the Scotia Vision Portfolios, also issue Class F units. Mortgage Income Fund, Income Fund, Global Bond Fund, Dividend Fund, Canadian Growth Fund, Small Cap Fund, U.S. Growth Fund, U.S. Value Fund, International Index Fund, Money Market Fund, Canadian Bond Index Fund, Canadian Index Fund, Canadian Blue Chip Fund, U.S. Index Fund, Global Fund, Global Opportunities Fund, Global Small Cap Fund, International Value Fund, Pacific Rim Fund and Latin American Fund also issue Class I units. Each of the Scotia Private Client Class Funds also issues Scotia Private Client units. Each Class A, Class F, Class I and Scotia Private Client unit is an equal undivided interest in the assets of such Fund and ranks equally with all other units of the Fund with respect to income distributions and asset liquidation upon termination of the Fund. Expenses will, however, be allocated differently between the four classes.

Unitholders who hold units in a Fund which has more than one class of units will be entitled to vote separately at any meeting of unitholders of that class if the matter concerns unitholders of that class only. All unitholders of a Fund, regardless of which class of units they hold, are entitled to vote at a meeting of unitholders whenever the matter concerns all unitholders of the Fund.

Upon liquidation or termination of a Fund, each unitholder is entitled to participate equally in the assets of the Fund after deducting the expenses of the Fund allocated to the class of units held.

Special Considerations - U.S. Money Market Fund and U.S. Bond Fund

Currency - U.S. Money Market Fund and U.S. Bond Fund units are valued in U.S. dollars. Please refer to "What are Units of the Funds?".

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

How the Units are Valued

The NAV per unit of each Fund (reported in U.S. dollars in the case of U.S. Money Market Fund and U.S. Bond Fund) represents the market value of all assets of the Fund less any liabilities, divided by the total number of units of the Fund outstanding at that time. The NAV per unit is the basis for all unit purchases from each Fund (including purchases on reinvestment of distributions) and all unit sales back to each Fund (redemptions or sell orders).

In the case of Funds which issue more than one class of units, a separate NAV per unit is calculated for each class of units offered. In calculating the NAV of each class, two levels of expenses are taken into account. Expenses which are not class specific are allocated daily to each class based on the relative NAV of each class or as is equitable. Expenses which are class specific are charged daily specifically to the relevant class. The resulting class NAV is divided by the number of units outstanding in the class to arrive at the class NAV per unit. Units are purchased, distributions are reinvested and redemptions are processed at the class NAV per unit applicable to the transaction.

The NAV per unit of the Funds is determined as of the close of business on each business day unless the Funds have declared a suspension of the determination of the NAV as described under "How to Sell Units". The term "business day" means a day on which the Toronto Stock Exchange is open for trading in securities and the term "close of business" means the actual time of the close of trading on The Toronto Stock Exchange. The NAV per unit so determined at any time remains in effect until the time as at which the next determination of NAV per unit is made.

Where any decrease in the frequency of calculating NAV of a Fund is proposed, such decrease must be approved by the unitholders of the Fund, such approval to be expressed by at least a majority of the votes cast at a meeting of the unitholders duly called for the purpose of considering the same.

For the purpose of determining NAV at any time, the issue or redemption of units of a Fund shall be reflected in the computation of NAV of that Fund no later than the next computation of such NAV made after the time at which the NAV per unit is determined for the purpose of issue or redemption of such units of the Fund. Each transaction of purchase or sale of portfolio securities effected by a Fund shall be reflected in the first computation of such NAV made after the date on which the transaction becomes binding.

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

The Canadian Institute of Chartered Accountants recently released new accounting standards which address the accounting and disclosure for financial instruments. At present, investment funds are required by National Instrument 81-106 *Investment Fund Continuous Disclosure* ("NI 81-106") to calculate NAV in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Changes to GAAP resulting from these new accounting standards have been in effect for the Funds since January 1, 2007. These changes impact the way the Funds value their portfolio securities for financial statement reporting purposes, but do not affect the valuation of portfolio securities for calculating the NAV used to determine the price for purchases and redemptions of units of the Funds. The CSA have granted a temporary order exempting all mutual funds, including the Funds, from complying with the requirements in NI 81-106 as they relate to the calculation of NAV for the purpose of such purchases and redemptions. The relief is for an interim period ending on the earlier of September 30, 2008 and the date upon which changes to NI 81-106 come into effect. Canadian securities regulators have proposed amendments to NI 81-106 that are consistent with this relief. Depending on the outcome of the amendments, the method by which NAV is calculated may be changed and this may result in a change to the purchase and redemption price of the Funds.

In making the calculation of NAV per unit of a Fund to determine the price for purchases and redemptions, as of the close of trading on any day:

(a) the value of cash on hand or on deposit, Government of Canada treasury bills and short term paper or certificates of deposit of Canadian chartered banks shall be deemed to be the cost thereof;

(b) securities listed on a public securities exchange will be valued at their last sale price on that day or, if no sales are reported, at a price determined by the Manager but generally not higher than the closing asked price and not lower than the closing bid price. Where securities are listed or traded on more than one public securities exchange or are actively traded on over-the-counter markets while being listed or traded on such securities exchanges, such securities will be valued on the basis of the market quotation which, in the opinion of the Manager, most closely reflects their fair value. In calculating the value of foreign securities listed on securities exchanges outside of North America, the Manager will place values on such securities which appear to most closely reflect the fair value of such securities at the time of NAV calculation;

(c) in respect of Mortgage Income Fund, the value of a mortgage is calculated in the same way as the purchase price of such mortgage would be calculated as described under "Investment Restrictions and Practices";

(d) unlisted securities will be valued at their last ascertainable price or, in the absence of a price or if the Manager reasonably believes that the last ascertainable sale price does not properly reflect the value of a particular security, the mean of the most recently published bid and asked prices;

(e) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and index, commodity and listed warrants shall be valued at the current market value thereof;

(f) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as a realized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV of the Fund. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at their current market value;

(g) securities quoted in foreign currencies will be translated to Canadian dollars to reflect the exchange rate at the time as of which the NAV per unit is being determined;

(h) securities of the underlying fund(s) held by the Scotia Selected Portfolios, Scotia Partners Portfolios and Scotia Vision Portfolios will be valued at their respective security values on the relevant valuation date. Where the underlying funds are not managed by SSI, the security values are communicated by the managers of the underlying funds to SSI;

(i) where a Fund invests in dividend-paying shares, the amount of dividends on such shares which have been declared but not yet received by the Fund will be added to the value of the Fund on the date that the shares are traded "ex-dividend";

(j) with respect to interest accrued but not yet received or other amounts receivable by a Fund, the amount of such accrued interest or other amounts shall be added to the value of the Fund;

(k) securities which a Fund has agreed to purchase or sell shall be included or excluded as if the agreements were in fact fully carried into effect;

(l) with respect to management, trustee, custodian, and other expenses to be borne by the Fund, accrued but not yet paid, the amount of such accrued expenses shall be deducted from the value of the Fund. In the case of each of the Funds, other than the T-Bill Fund, Premium T-Bill Fund, U.S. Money Market Fund, Cassels Government Bond Fund, Cassels Corporate Bond Fund, Cassels Bond Fund,

Cassels Advantaged Income Fund, Cassels Canadian Equity Fund, Cassels North American Equity Fund, Cassels U.S. Equity Fund, Cassels International Equity Fund and Scotia Vision Portfolios, such accrued expenses shall be allocated between each class of units of the Fund and deducted from the value of the appropriate class of units of the Fund;

(m) the value of any security which is a debt obligation which, at the time of acquisition, had a remaining term to maturity of one year or less shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition. For the purposes of the foregoing, interest accrued will include amortization over the remaining term to maturity of any discount or premium from face value of any obligation at the time of its acquisition;

(n) futures contracts and forward contracts will be valued at their market value at the time NAV is calculated and any difference resulting from valuation will be treated as a realized gain or loss on investment;

(o) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

(p) the value of any precious metals (including coins, bullion and certificates and other evidences of precious metals) and other commodities will be their current market value generally based on prevailing market prices as reported on exchanges or other markets; and

(q) the value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason), shall be the fair value thereof determined in such manner as the Manager may from time to time determine. In the past three years, the Manager fair valued certain listed securities, in respect of which trading was suspended, using their last trade price. Other securities were fair valued using a price deemed reasonable, pending the listing of such securities on a public exchange. The Manager has also fair valued special warrants issued by a listed company. These special warrants were not listed on an exchange but were convertible into the listed securities. Given the value of these special warrants as a percentage of the overall net assets of the Fund, the Manager fair valued the special warrants based on the value of the underlying listed securities.

HOW TO PURCHASE AND SELL UNITS OF THE FUNDS

How to Purchase Units

Units of the Funds are offered for sale on a continuous basis at their NAV per unit from time to time, computed in the manner described under "How the Units are Valued". There are generally no sales commissions or other fees payable on the purchase of units. Class A units may be purchased directly from SSI, ScotiaMcLeod and ScotiaMcLeod Direct Investing

(collectively, "ScotiaMcLeod") or Scotia Capital in such provinces and territories where SSI, ScotiaMcLeod or Scotia Capital are qualified to receive orders for purchase or with dealers and brokers qualified in your province or territory. Orders to purchase units of the Funds may also be placed with representatives of SSI at branches of BNS, Montreal Trust, National Trust and Scotiatrust. Scotia Private Client units may only be purchased by clients of Scotia Cassels or Scotiatrust that have entered into a discretionary management agreement. Prospective purchasers of Class F units must have a fee-based account with ScotiaMcLeod. Class F units may also be made available to other investors, as determined by SSI from time to time. Class I units may only be purchased by eligible institutional investors and other qualified investors as determined by SSI.

All orders for units of a Fund will be forwarded to the Fund for acceptance or rejection and the Fund reserves the right to reject any order in whole or in part. Dealers and brokers must transmit an order for units to the head office of a Fund and must make such transmittal wherever practical by courier, priority post or telecommunications facility without charge to you on the same day your completed purchase order is received. As a security policy (which may be changed at the discretion of the Manager) the Funds, except as provided below, generally will not accept purchase orders placed by telephone or wire directly by an investor. The decision to accept or reject your purchase order will be made promptly and, in any event, within one business day of receipt of your order by the Fund. Telephone orders and Internet orders may be placed with SSI representatives at branches or call centres of the BNS Group. Speak to your representative for details. If your order is rejected, all monies received with your order will be returned to you immediately. A fee may also be imposed for short-term trading.

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

The minimum amounts may be varied or waived at any time without notice at the absolute discretion of the Manager. The Manager reserves the right to terminate your account with a Fund if the NAV of your investment in the Fund falls below the applicable minimum for an initial purchase. Your dealer may impose higher minimum initial or additional investment amounts.

Fund	Minimum initial investment: All accounts except *ican Invest*™ Program[3] accounts All Scotia registered plans, except Scotia RRIFs	Minimum initial investment: Scotia RRIFs	Minimum additional investment (including Pre-Authorized Contributions[2])
Scotia Canadian Bond Index Fund Scotia Canadian Index Fund Scotia U.S. Index Fund Scotia CanAm Index Fund Scotia Nasdaq Index Fund Scotia International Index Fund	$1,000	$5,000	$50
Scotia T-Bill Fund Scotia Money Market Fund Scotia U.S. $ Money Market Fund[1]	$2,000	$10,000	$50
Scotia Premium T-Bill Fund[4]	$100,000	$250,000	$500
Scotia Global Growth Fund	$100	$5,000	$25
Scotia U.S. $ Bond Fund[1] **All other funds**	$500	$5,000	$50
Scotia Partners Portfolios	$5,000	$5,000	$50
Scotia Selected Portfolios Scotia Vision Portfolios	$2,500	$2,500	$50

1 You must use U.S. dollars to buy this fund.

2 If you choose to invest less frequently than monthly using Pre-Authorized Contributions (i.e. bi-monthly, quarterly, semi-annually or annually), the minimum amount for each investment will be determined by multiplying the amounts shown here by twelve and then dividing the sum by the number of investments you make over the course of one calendar year. For example, for most Funds, if you choose to invest quarterly, the minimum investment for each quarter will be $50x12÷4, or $150.

3 The minimum initial investment for Scotia Diversified Monthly Income Fund, Scotia Canadian Balanced Fund, Scotia Canadian Tactical Asset Allocation Fund and Scotia Global Growth Fund is waived when these Funds are purchased through the *ican Invest* Program offered through BNS. See page 27 for details.

4 We have the right, without notice, to switch your units of Scotia Premium T-Bill Fund for units of Scotia T-Bill Fund if you do not maintain the minimum investment shown here. You will be deemed not to have maintained the minimum investment if the current market value of your units on the last business day of any month is less than the minimum investment shown. You are responsible for switching your investment back to Scotia Premium T-Bill Fund if you are subsequently able to meet the minimum investment shown.

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

Payment for all orders of units must be received at the head office of the Funds on or before the third business day from (but not including) the day the subscription price for the units is determined. Where payment of the subscription price is not received, a Fund is deemed to

have received and accepted on the first business day following such period an order for redemption of the units and the redemption proceeds are applied to reduce the amount owing to the Fund in respect of the purchase of the units. If the amount of the redemption proceeds exceeds the subscription price of the units, the Fund is permitted to retain the excess. If the amount of the redemption proceeds is less than the issue price of the units, SSI, as principal distributor of the Funds, must pay to the Fund the amount of the deficiency. SSI is entitled to collect such amounts together with its costs, charges and expenses in so doing and interest thereon from dealers or brokers making the order for units. Where no dealers or brokers have been involved in an order for units, SSI is entitled to collect such amounts described above from the investor who has failed to make payment for the units ordered.

Other than the short-term trading fee described below, the Funds do not charge for redemptions, but reserve the right to impose redemption fees from time to time, upon providing unitholders 60 days written notice of the amount and particulars of such fee. The Funds currently have no intention to impose such fees on any of the classes described in this annual information form during the next 12 months.

Sales Charges

You may pay a sales charge or other fee if you buy units of a Fund through a dealer other than SSI or ScotiaMcLeod. You negotiate any charge or fee directly with your dealer.

Sales Commissions

The Manager may pay employees of SSI an up-front sales commission of up to 1% of the amount invested by a unitholder.

Service Fees and Sales Incentive Programs

The Manager may pay its employees, registered brokers and dealers a service fee on Class A units of the Funds. The Manager does not pay service fees on Class F, Class I or Scotia Private Client units. From time to time, prizes such as cash or merchandise, may be awarded in connection with sales of units of the Funds to individual employees or to BNS, Montreal Trust, National Trust or Scotiatrust branches to be distributed to or used for the general benefit of branch employees. Scotia Cassels may pay brokers and dealers a referral fee of up to one-half of any advisory fee paid by its clients in the first year. See “Dealer compensation” in the Funds’ simplified prospectus for details about service fees and sales incentive programs.

In addition, BNS may also include sales of units of the Funds in its general employee incentive programs which involve many different BNS products.

How to Sell Units

You may at any time sell your units back to a Fund by following the procedures referred to in the following section, unless at that time the Fund’s obligation to purchase your units has been temporarily suspended by the Fund with, where necessary, the prior consent of the Ontario Securities Commission. Your request to have a Fund buy back your units constitutes a “redemption” by the Fund when completed and may be referred to in this annual information form as a “sell order” to the Fund. The redemption price for the units which are the subject of

your sell order will be the NAV next determined following receipt of your sell order by the Fund. Payment for your units sold will be issued by cheque within three business days after receipt by the Fund of your sell order. **The Manager cannot accept sell orders specifying a forward date or price and sell orders will not be implemented before the Manager has actually received payment for units issued to you under a prior purchase order.**

Short-term trading (including "market-timing" trading) can increase a Fund's expenses, which affects all unitholders of the Fund. Therefore, a Fund may charge a fee of 2% of the amount you sell or switch if you sell or switch your units within 31 days of buying them. This short-term trading fee is retained by the Fund. This fee does not apply to investments in Cash Equivalent Funds. The Manager may waive the fee. While the fee will generally be paid out of the redemption proceeds of the Fund in question, SSI has the right to redeem units of other Funds in your account without notice to you to pay for the short-term trading fee. SSI may, in its sole discretion, decide which units should be redeemed and the manner in which to do so.

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

How to Submit a Sell Order

The following is a summary of the procedure which you must follow when submitting a sell order. The Manager, however, may from time to time adopt additional permissible procedures and, if so, will advise all unitholders of such procedures.

Your sell order must be in writing and bear an authorized signature from your bank, trust company or investment dealer and such other evidence of proper authority as a Fund may reasonably require. Any sell order by a corporation, trust, partnership, agent, fiduciary, surviving joint owner or estate must be accompanied by customary documentation evidencing the signatory's authority. Sell orders are effective only when all documentation is in order and received by the head office of a Fund. Any of these requirements may be waived at any time without notice in the absolute discretion of the Manager. Your sell order may be submitted to SSI, ScotiaMcLeod or Scotia Capital in such provinces and territories where SSI, ScotiaMcLeod or Scotia Capital are qualified to sell units of the Funds. Sell orders may also be submitted to other dealers or brokers qualified in your province or territory. You may also submit your sell order to representatives of SSI at branches of BNS, Montreal Trust, National Trust and Scotiatrust. Dealers and brokers must transmit the particulars of a sell order to a Fund on the same day it is received at no charge to the investor and to make such transmittal wherever practical by courier, priority post or telecommunications facility. As a security policy (which may be changed at the discretion of the Manager), the Funds will generally not accept sell orders placed by telephone, wire or by other electronic means directly from unitholders.

If a unitholder fails to provide a Fund with a duly completed sell order within ten business days of the date on which the NAV was determined for purposes of the sell order, the Fund is deemed to have received and accepted, as of the close of business on the tenth business day, an order for the purchase of the equivalent number of units being redeemed and will apply the amount of the redemption proceeds to the payment of the issue price of such units. If such

amount is less than the redemption proceeds, the Fund is permitted to retain the excess. If such amount exceeds the redemption proceeds, SSI, as principal distributor of the Funds, must pay the applicable Fund the amount of the deficiency. SSI is entitled to collect such amount together with its costs and interest thereon from dealers or brokers placing the redemption order. Where no dealers or brokers have been involved in a redemption order, SSI is entitled to collect such amounts described above from the investor who failed to provide the duly completed sell order.

All sell orders will be processed in the order in which they are received. Sell orders involving transfers to or from Registered Plans (defined below) may incur delays if the transfer documents are not completed in the sequence prescribed by Canada Revenue Agency, and release of the sale proceeds cannot be made by a Fund until all administrative procedures involved with such Registered Plans are complete.

INVESTMENT OPTIONS

Pre-Authorized Contributions

You can set up regular pre-authorized contributions for any of the Class A units of the Funds held by you in the amounts indicated under "How to Purchase Units". You select the frequency of your purchases, which may be weekly, bi-weekly, semi-monthly, monthly, bi-monthly, quarterly, semi-annually or annually, by pre-authorizing payments from your bank account at BNS or any other major Canadian financial institution. By written notice to the Fund, you may change the amount of each purchase or the frequency of purchase or you may discontinue the Plan at any time without penalty. Forms used to begin pre-authorized contributions can be obtained when you place your order. Similar automatic investment plans for Class A and Class F units of the Funds are available through ScotiaMcLeod.

The Funds received an exemption from the requirement to deliver a renewal simplified prospectus (and any amendment thereto) to investors purchasing units of the Funds under pre-authorized contributions or similar plans. For more information, refer to "Pre-authorized Contributions" in the Funds' simplified prospectus.

ican Invest™ Program

The *ican Invest* Program (the "Program") offered by BNS is designed to assess your current financial situation and recommend solutions for each of your goals by suggesting investment options based on your particular needs. Through the Program, you determine an amount you can contribute towards each goal on a regular basis. Pre-authorized contributions will be made from your bank account to the investments you select. Minimum initial investments do not apply to units of some Funds when purchased through the Program. See page 23 for details.

Registered Plans

You may open a Scotia RRSP, RRIF, LIRA, LRSP, LIF, LRIF, PRIF or Registered Education Savings Plan ("RESP") for units of the Funds. Minimum initial and subsequent deposits for a Scotia RRSP, RRIF, LIRA, LRSP, LIF, LRIF, PRIF or RESP are the same as those set out in the table under "How to Purchase Units". These minimum deposits may be varied or waived at any time, without notice, in the discretion of the Manager. Units of the Funds may

also be held in a self-directed RRSP or RRIF with any other financial institution as may be approved by the Manager, but such plans may be subject to fees.

You may open a Scotia RRSP, RRIF, LIRA, LRSP, LIF, LRIF, PRIF or RESP (or other similar plans that may be offered by the Manager) by completing an application form and declaration of trust which you may obtain directly from branches of BNS, Montreal Trust, National Trust and Scotiatrust or from the offices of a sub-distributor appointed by SSI in certain provinces and territories.

You are urged to consult your own tax advisor for full particulars of the tax implications of establishing, amending and terminating registered plans under the Income Tax Act (Canada) (the "Tax Act") and applicable provincial tax legislation. It is your responsibility as a holder of a registered plan to determine the consequences to you under relevant income tax legislation. The Funds assume no liability as a result of the Scotia Registered Plans being made available.

Automatic Withdrawal Plan

Class A and Class F unitholders may establish an automatic withdrawal plan (in U.S. or Canadian dollars in the case of U.S. Money Market Fund and U.S. Bond Fund) under which sufficient units of a Fund will be redeemed on a periodic basis in order to provide these unitholders with regular cash payments. To establish and maintain an automatic withdrawal plan, the following minimum initial balance and withdrawal amounts apply, which may be varied or waived at any time without notice in the absolute discretion of the Manager:

Fund	Minimum Balance to start the Plan	Minimum for each Withdrawal
T-Bill Fund Money Market Fund U.S. Money Market Fund	$10,000[1]	$100[1]
Premium T-Bill Fund	$250,000	$500
All other Funds	$5,000[1]	$50[1]

1 You must use U.S. dollars for the U.S. Money Market Fund and U.S. Bond Fund

Your automatic withdrawal plan may be amended or terminated without charge upon written notice to the Manager and will be effective within 30 days of receipt of that notice.

Under a withdrawal plan, if the regular withdrawals are in excess of distributions other than capital distributions, these withdrawals will encroach on or exhaust the capital you have invested. Automatic withdrawal plans are not available for RRSP and other Registered Plans (defined below).

A unitholder may realize tax consequences on any redemption or other transfer of units. Reference is made to "Tax Treatment of Your Investment".

TAX TREATMENT OF YOUR INVESTMENT

The following summarizes the principal Canadian federal income tax considerations generally applicable to the Funds and their Canadian resident unitholders who are individuals (other than trusts) and who hold their units as capital property. The summary is based on the current provisions of the Tax Act and the regulations made under the Tax Act (the "Regulations"), proposals to amend the Tax Act and the Regulations publicly announced prior to the date hereof (the "Proposals") and the current published administrative practices and assessing policies of the Canada Revenue Agency. This summary is not exhaustive of all possible income tax considerations and is based upon the Funds qualifying as mutual fund trusts under the Tax Act effective at all material times. The Manager expects that the Funds will so qualify. **Prospective purchasers of units are advised to consult their own tax advisor about their particular circumstances**.

Tax Status of the Funds

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

On November 9, 2006, the Minister of Finance (Canada) released revised tax proposals regarding the taxation of investments in foreign investment entities ("FIEs"). These rules are proposed to apply for taxation years that begin after 2006. These proposals may require a Fund, if it invests in a "participating interest" of a FIE to include in income for tax purposes each year: (i) an amount equal to a prescribed percentage of the Fund's "designated cost" of its participating interest in the FIE, (ii) if the Fund so elects, and certain conditions are met, any gain on such participating interest on a mark-to-market basis whether or not such gain has been realized, or (iii) if the Fund so elects and certain conditions are met, its share of the FIE's income (or loss) calculated using Canadian tax rules. In limited circumstances, the resulting gain under the mark-to-market regime may be treated on capital account. Accordingly, if these tax proposals apply to a Fund, the Fund may be required to include in income amounts that the Fund has not earned or received and unitholders will be taxable on the portion of such amounts payable to them by the Fund as described below.

New rules have been enacted affecting the way certain publicly traded income trusts are taxed. Generally, these rules include a tax on certain distributions from affected income trusts (excluding certain REITs). The trust paying the distribution is subject to the tax, which is levied at a rate that is equivalent to the federal general corporate rate, plus 13% on account of provincial tax. Generally, the amount of such distribution to a unitholder will be taxed in the hands of the unitholder as though it were a taxable dividend from a taxable Canadian corporation, which will be eligible for the enhanced dividend tax credit if paid to a resident of Canada. These measures apply beginning with the 2011 taxation year for income trusts that were publicly-traded before November 1, 2006 (subject to an earlier application if certain growth guidelines are exceeded); and beginning with the 2007 taxation year for trusts that begin to be publicly-traded after October 31, 2006. The changes will reduce the tax effectiveness of income trusts. This could adversely affect Funds that invest in income trusts.

Unitholders Tax Status

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

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

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

Upon a disposition of a unit, unitholders will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of their unit at such time plus any costs of disposition. A change of units of one class of a Fund to units of another class of the same Fund will not result in disposition of the units changed. Unitholders who hold units of U.S. Money Market Fund and U.S. Bond Fund may realize a capital gain (or capital loss) on a disposition of such units by virtue of changes in the value of the United States dollar relative to the Canadian dollar during the period that the units are held.

Generally, unitholders must include one-half of a capital gain in computing income and may deduct one-half of a capital loss from taxable capital gains. Capital gains and taxable dividends realized by an individual may give rise to an alternative minimum tax.

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

Tax Sheltered Plans

Each of the Funds is, or in the case of Cassels Government Bond Fund and Cassels Advantaged Income Fund, is expected to be, effective from the date of its creation in 2007 and at all material times thereafter, a mutual fund trust under the Tax Act. Provided that each of the Funds qualifies as a mutual fund trust under the Tax Act effective at all material times, units of the Funds are qualified investments for trusts governed by RRSPs (including LIRAs and LRSPs), RRIFs (including LIFs, LRIFs and PRIFs), Deferred Profit Sharing Plans ("DPSPs") and RESPs.

HOW THE FUNDS ARE MANAGED AND ADMINISTERED

The Manager

SSI acts as the Manager of the Funds pursuant to a Master Management Agreement (the "Management Agreement") dated as of February 14, 2005.

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

The Manager receives a fee from the Funds pursuant to the Management Agreement. The Funds are required to pay federal goods and services tax ("GST") on the fees which they pay to the Manager, as well as on most other goods and services they acquire.

Organization and Management of the Scotia Mutual Funds Family

Manager Scotia Securities Inc. 16th Floor, 40 King Street West Toronto, Ontario M5H 1H1 www.scotiabank.com 1.800.268.9269 info@scotiabank.com	As manager, SSI is responsible for the overall business and operation of the Funds. This includes: ● providing or arranging for administrative services ● arranging for portfolio advisory services SSI is a wholly-owned subsidiary of BNS.
Trustee Scotia Securities Inc. Toronto, Ontario	As Trustee, SSI has authority over each Fund's investments in trust for unitholders under the terms described in its declaration of trust.
Principal Distributor Scotia Securities Inc. Toronto, Ontario	As principal distributor, SSI markets and sells the Funds where they qualify for sale in Canada. SSI may appoint sub-distributors to distribute units of the Funds.
Custodian The Bank of Nova Scotia Toronto, Ontario	The custodian holds the investments of the Funds and keeps them safe to ensure that they are used only for the benefit of investors. BNS is the parent company of SSI.
Registrar Scotia Securities Inc. Toronto, Ontario	As registrar, SSI makes arrangements to keep a record of all unitholders of the Funds, process orders and issue account statements and tax slips to unitholders.
Auditors Ernst & Young LLP Toronto, Ontario Gaviller & Company LLP Owen Sound, Ontario	The auditors are independent firms of chartered accountants. The firms audit the annual financial statements of the Funds and provide an opinion as to whether they are fairly presented in accordance with Canadian generally accepted accounting principles. Gaviller & Company LLP are the auditors of the Income Fund, Global Bond Fund, Dividend Fund, Balanced Fund, Canadian Index Fund, Small Cap Fund and U.S. Index Fund. Ernst & Young LLP are the auditors of all the other Funds.

Portfolio Advisors Scotia Cassels Investment Counsel Limited Toronto, Ontario	The portfolio advisors provide investment advice and make the investment decisions for the Funds.
Scotia Capital Inc. Toronto, Ontario	Scotia Cassels and Scotia Capital are, respectively, direct and indirect wholly-owned subsidiaries of BNS, which is the parent company of SSI.
Connor, Clark & Lunn Investment Management Ltd. Vancouver, British Columbia	Connor, Clark & Lunn Investment Management Ltd. is independent of SSI.
State Street Global Advisors, Ltd. Montreal, Quebec	State Street Global Advisors, Ltd. is independent of SSI.
AllianceBernstein Canada, Inc. Toronto, Ontario	AllianceBernstein Canada, Inc. is independent of SSI.
TCW Investment Management Company Los Angeles, California	TCW Investment Management Company is independent of SSI.
GlobeFlex Capital, LP San Diego, California	Globe Flex Capital, LP is independent of SSI.
Baillie Gifford Overseas Limited Edinburgh, Scotland	Baillie Gifford Overseas Limited is independent of SSI.
Metropolitan West Capital Management, LLC Newport Beach, California	Metropolitan West Capital Management, LLC is independent of SSI.
Pzena Investment Management, LLC New York, New York	Pzena Investment Management, LLC is independent of SSI.
Thornburg Investment Management, Inc. Santa Fe, New Mexico	Thornburg Investment Management, Inc. is independent of SSI.

The names and municipalities of residence of the directors and officers of SSI, their principal occupations over the past five years, and the positions and offices held with SSI are as follows:

Name and Municipality of Residence	Position with SSI	Principal occupation in the past five years
Glen B. Gowland Caledon, Ontario	President, Chief Executive Officer and Director	From November 2006 to present – President and Chief Executive Officer, SSI and Managing Director and Head, Mutual Funds, BNS From August 2005 to November 2006 – Managing Director, Business Development, Wealth Management, BNS From February 2004 to August 2005 - District Vice President, Toronto Centre, BNS From May 2000 to February 2004 – Vice President, Sales and Marketing, SSI
Walter A. Pavan Oakville, Ontario	Treasurer & Chief Financial Officer and Director	Treasurer & Chief Financial Officer, SSI
Alan C. Harbinson Cambridge, Ontario	Chief of Compliance	Chief of Compliance, SSI
Edna Chu Toronto, Ontario	Vice President, Legal and Regulatory Affairs and Director	From September 2006 to present - Vice President, Legal and Regulatory Affairs, SSI From March 2004 to August 2006 – Assistant Vice President, Compliance, CMA Holdings Incorporated and its subsidiaries and affiliates From January 2000 to March 2004 – Assistant Vice President, Compliance, The Canada Life Assurance Company From November 2001 to March 2004 – Chief Compliance Officer, Canada Life Securities Inc.
Diane Mary Pahl Calgary, Alberta	Trading Officer	From 2004 to present – Regional Compliance Officer, SSI From 2001 to 2004 – Staff Development Officer, BNS
Phillip Preston Gayle Pickering, Ontario	Non-Trading Officer	From 2001 to present – Senior Manager, Registrations, SSI

Name and Municipality of Residence	Position with SSI	Principal occupation in the past five years
Helena Lau Toronto, Ontario	Secretary	From June 2006 to present – Senior Assistant Manager Subsidiaries and Assistant Secretary, BNS Prior to June 2006 – Corporate Law Clerk, BMO Nesbitt Burns Inc.
Wendy G. Hannam Toronto, Ontario	Director	From March 2006 to present - Executive Vice President, Domestic Personal Banking & Distribution, BNS From January 2005 to March 2006 - Executive Vice President, Domestic Branch Banking, BNS From December 2003 to December 2004 – Senior Vice President, Sales & Service, BNS From September 2000 to December 2003 – Senior Vice President, Ontario Region, BNS
Robert L. Brooks Oakville, Ontario	Director	From January 2006 to present – Vice Chairman and Group Treasurer, BNS From March 2002 to January 2006 - Senior Executive Vice President, Treasury and Operations, BNS
Russell A. Morgan Mississauga, Ontario	Director	Senior Vice President, Investments, BNS
Christopher Hodgson Toronto, Ontario	Director	From March 2006 to present – Executive Vice President and Head of Domestic Personal Banking, BNS From August 2003 to March 2006 - Senior Managing Director, Wealth Management, BNS President and CEO, Altamira Investment Services Inc., until July 2003

Pursuant to the Management Agreement, SSI is required to provide, or cause to be provided, portfolio management to the Funds, including all decisions as to the purchase and sale of portfolio securities and as to the execution of all portfolio transactions, and all necessary or advisable administrative services and facilities including valuation, fund accounting and unitholder records. The Management Agreement provides that the Manager may engage or

employ any person as its agent to perform administrative functions on behalf of the Funds, and brokers or dealers in connection with the portfolio transactions of the Funds.

The Management Agreement may be terminated by either party giving at least six months prior notice to the other of such termination.

The Management Agreement may only be assigned upon consent of the other party and in compliance with the provisions of the Declaration of Trust and all applicable laws, regulations and other restrictions of regulatory authorities in Canada. No changes to the Management Agreement may be made without the approval of unitholders where required by law, regulations or policies of securities regulatory authorities. Where such laws, regulations or policies do not require unitholder approval, the provisions of the Management Agreement may be amended with the approval of the Trustee and the Manager.

The Portfolio Advisors

SSI has engaged Scotia Cassels, State Street, Scotia Capital, TCW Investment Management Company ("TCW"), Connor, Clark & Lunn Investment Management Ltd. ("CCLIM"), AllianceBernstein Canada, Inc. ("Alliance Bernstein"), Baillie Gifford Overseas Limited ("Baillie Gifford"), Metropolitan West Capital Management, LLC ("Metropolitan West"), Pzena Investment Management, LLC ("Pzena"), Thornburg Investment Management, Inc. ("Thornburg") and GlobeFlex Capital, L.P. ("GlobeFlex") to provide investment advice to the Funds. Scotia Cassels, State Street, Scotia Capital, TCW, AllianceBernstein, CCLIM, Baillie Gifford, Metropolitan West, Pzena, Thornburg and GlobeFlex have the authority, subject to the direction of SSI, to give instructions to purchase and sell securities of the Funds in accordance with their respective investment objectives and restrictions. Scotia Cassels, a wholly owned subsidiary of BNS, is a Toronto-based professional investment and portfolio management firm which actively manages private and corporate investment portfolios, pension funds and other segregated funds on a fully discretionary basis. State Street is an industry leader in the development of index funds and is one of the world's largest managers of both U.S. and non U.S. indexed strategies, with approximately US$1.8 trillion in assets under management. Scotia Capital, a wholly-owned subsidiary of BNS, is a Toronto- based firm, providing a broad range of corporate and investment banking products and services. TCW is a professional investment and portfolio management firm established in 1971 which actively manages assets for family trusts, individual and institutional clients. AllianceBernstein is a wholly-owned subsidiary of AllianceBernstein L.P., a global investment firm managing more than $700 billion in assets for some of the most prominent institutional, retail and private clients around the world. CCLIM was established in 1982 and has offices in Vancouver and Toronto. The firm provides professional asset management for pension fund sponsors, capital accumulation plans, corporations, not-for-profit organizations, mutual funds and individual investors. The firm is part of the Connor, Clark & Lunn Financial Group of companies which has over $35 billion in assets under management. Baillie Gifford is an Edinburgh-based investment advisor founded in 1908 with US$85.7 billion of assets under management. Metropolitan West is a Newport Beach, California-based investment advisor with US$6.1 billion of assets under management, specializing in equity management. Pzena is a New York-based investment advisor founded in 1995 with US$25 billion of assets under management. Thornburg is a Santa Fe-based investment advisor founded in 1982 with US$27.6 billion of assets under management. GlobeFlex is a San Diego-based investment advisor founded in 1994 with US$5.1 billion of

assets under management. For additional information concerning the management of the Funds, you should refer to "Other Material Information" in this annual information form.

Pursuant to an amended and restated Investment Management Agreement dated September 6, 2006, Scotia Cassels acts as portfolio advisor to the T-Bill Fund, Premium T-Bill Fund, Money Market Fund, U.S. Money Market Fund, Mortgage Income Fund, Income Fund, Cassels Bond Fund, U.S. Bond Fund, Global Bond Fund, Cassels Government Bond Fund, Cassels Corporate Bond Fund, Monthly Income Fund, Balanced Fund, Dividend Fund, Cassels Canadian Equity Fund, Canadian Blue Chip Fund, Canadian Growth Fund, Small Cap Fund, Resource Fund, Cassels North American Equity Fund, Cassels U.S. Equity Fund, U.S. Growth Fund, Scotia CanAm Index Fund, Nasdaq Index Fund, Cassels Advantaged Income Fund and Cassels International Equity Fund. The individuals providing advice are as follows:

Portfolio Manager	**Current Title**	**Length of Service with portfolio advisor**	**Principal occupation in the last 5 years**
John Varao	Chief Executive Officer, President and Chief Investment Officer	1 year	From April 2007 to present – Chief Executive Officer, President and Chief Investment Officer, Scotia Cassels From April 2003 to April 2007 – Senior Vice President, Canadian Equities, RBC Asset Management Inc. Prior to April 2003 – Vice President and Portfolio Manager, Canadian Equities, RBC Asset Management Inc.
Shane Jones	Managing Director, Canadian Equities	1 year	From April 2007 to present – Managing Director, Canadian Equities, Scotia Cassels From September 2004 to April 2007 – Vice President and Senior Portfolio Manager, Canadian Equities, RBC Asset Management Inc. Prior to September 2004 – Portfolio Manager, Canadian Equities, RBC Asset Management Inc.

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Britt Doherty	Senior Portfolio Manager, Canadian Equities	16 years	From May 2003 to present – Senior Portfolio Manager, Canadian Equities, Scotia Cassels Prior to May 2003 - Portfolio Manager, Scotia Cassels and a predecessor company
Romas Budd	Managing Director, Fixed Income Investments	17 years	From March 2003 to present – Managing Director, Fixed Income Investments, Scotia Cassels Prior to March 2003 - Vice President and Director, Fixed Income Investments, Scotia Cassels and a predecessor company
Jeff Kreps	Director, North American Equities and Derivatives	18 years	Portfolio Manager and Director, North American Equities and Derivatives, Scotia Cassels
David Whetham	Portfolio Manager/Analyst – Canadian Equities	7 years	Portfolio Manager, Scotia Cassels
Sue J. Lavigne	Director, Canadian Equities	4 years	From August 2003 to present – Director, Canadian Equities, Scotia Cassels Prior to August 2003 - Vice President, Canadian Equities, Co-operators Investment Counsel
Wes Mills	Managing Director, Private Client	14 years	From June 2006 to present – Managing Director, Private Client, Scotia Cassels From November 2002 to June 2006 – Director, Private Client, Scotia Cassels

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Bill Girard	Director, Fixed Income – Credit	13 years	From October 2003 to present – Director, Fixed Income – Credit, Scotia Cassels Prior to October 2003 – Vice President, Fixed Income, Scotia Cassels
Shane Stuck	Director, Fixed Income Derivatives and Global Bonds	1 year	From February 2007 to present – Director, Fixed Income Derivatives and Global Bonds, Scotia Cassels Prior to February 2007 – Director, Bond Portfolios, Munich Re Capital Management

Pursuant to an Investment Advisory Agreement dated as of November 28, 2000, Scotia Capital is the portfolio advisor to the Scotia Partners Portfolios, Scotia Selected Portfolios and Scotia Vision Portfolios. The individual providing advice is as follows:

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Willo K. Watson	Director, Portfolio Manager	16 years	Director and Portfolio Manager, Scotia Capital

Pursuant to an Investment Advisory Agreement dated as of March 1, 2002, State Street is the portfolio advisor to the Canadian Bond Index Fund, Canadian Index Fund, U.S. Index Fund and International Index Fund. The individuals providing advice are as follows:

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Gregory Chrispin	Managing Director and Chief Executive Officer (Canada)	8 years	From July 2007 to present - Managing Director and Chief Executive Officer (Canada), State Street From August 2005 to July 2007 - Chief Investment Officer (Canada), State Street Prior to August 2005 – Portfolio Manager, State Street
Carl Bang	Managing Director (Canada)	12 years	From July 2005 to present - Managing Director, State Street Prior to July 2005 – Portfolio Manager, State Street
Paul Brakke	Head of Global Structured Products	16 years	Portfolio Manager, State Street
Tony Beaulac	Portfolio Manager, Manager of Global Structured Products	8 years	Portfolio Manager, State Street
Yann Dépin	Portfolio Manager	9 years	Portfolio Manager, State Street
Adel Daghmoui	Portfolio Manager	10 years	Portfolio Manager, State Street
Jean-Francois Pepin	Portfolio Manager	10 years	From 2004 to present - Portfolio Manager, State Street Prior to 2004 – Investment Accountant, State Street
Louis Basque	Portfolio Engineer	8 years	From 2006 to present - Portfolio Engineer, State Street Prior to 2006 - Portfolio Manager, State Street

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Nick Arvanitis	Portfolio Manager and Head of Fixed Income	7 years	From 2006 to present - Portfolio Manager and Head of Fixed Income, State Street Prior to 2006 – Senior Credit Analyst, State Street
Elise Cardon	Portfolio Manager	6 years	From 2004 to present - Portfolio Manager, State Street Prior to 2004 – Investment Accountant, State Street Prior to 2002 – Student
Jean Gauthier	Portfolio Manager	6 years	Portfolio Manager, State Street
James Wittebol	Portfolio Manager	6 years	From 2006 to present - Portfolio Manager, State Street Prior to 2006 – Investment Accountant, State Street
Emiliano Rabinovich	Portfolio Manager	2 years	From 2005 to present - Portfolio Manager, State Street From 2000 to 2005 – Director of Business Development, Peros Systems Technologies
Peter Lindley	Vice President and Portfolio Manager	2 years	From 2005 to present - Vice President and Portfolio Manager, State Street From 2004 to 2005 – Vice President and Head of Fixed Income, Desjardins Securities From 2002 to 2004 – student

Pursuant to an Investment Advisory Agreement dated as of June 27, 2005, AllianceBernstein is the portfolio advisor to the European Fund. The individuals providing advice are as follows:

Portfolio Manager	Current Title	Length of Service with Portfolio Advisor (or an affiliated entity)	Principal occupation in the last 5 years
Seth J. Masters	Executive Vice President, Chief Investment Officer (Blend Strategies)	16 years	Portfolio Manager, AllianceBernstein
Christopher M. Toub	Executive Vice President, Chief Investment Officer (Alliance Bernstein Limited), Head (Global/International Growth Equities)	15 years	Portfolio Manager, AllianceBernstein
Robert Alster	Senior Vice President, Team Leader (European/UK Growth), Director (European/UK Growth Research)	7 years	Portfolio Manager, AllianceBernstein
Avi Lavi	Senior Vice-President, Chief Investment Officer (European/UK Value Equities)	11 years	Portfolio Manager, AllianceBernstein
Sharon E. Fay	Executive Vice President, Chief Investment Officer (Global Value Equities)	17 years	Portfolio Manager, AllianceBernstein
Joshua B. Lisser	Senior Vice President, Chief Investment Officer (Structured Equities)	15 years	Portfolio Manager, AllianceBernstein

Pursuant to an Investment Advisory Agreement dated as of March 17, 2003, TCW is the portfolio advisor to the Pacific Rim Fund and Latin American Fund. The individuals providing advice are as follows:

Portfolio Manager	Current Title	Length of Service with Portfolio Advisor (or an affiliated entity)	Principal occupation in the last 5 years
Hiroyoshi Nakagawa	Senior Fund Manager, Japanese Equity Growth Team (Société Générale Asset Management (Japan))	23 years	Senior Portfolio Manager, Société Générale Asset Management (Japan)
Marco Wong	Senior Portfolio Manager (Société Générale Asset Management (Japan))	20 years	Senior Portfolio Manager, Société Générale Asset Management (Japan)
Masataka Akimoto	Senior Fund Manager (Société Générale Asset Management (Singapore) Ltd.)	2 years	From 2005 to 2007 - Senior Portfolio Manager, Societé Générale Asset Management (Japan) Prior to 2005 - Deputy Manager, Meiji Yusuda Life Insurance Company
Adam Newman	Fund Manager, Emerging Markets Equities (Société Générale Asset Management International Limited)	5 years	From October 2006 to present - Analyst/Fund Manager Emerging Markets Equities (Société Générale Asset Management International Limited) From 2004 to 2006 – Trainee Fund Manager (Société Générale Asset Management International Limited) From June 2002 to 2004 – Client Services (Société Générale Asset Management International Limited)

Portfolio Manager	Current Title	Length of Service with Portfolio Advisor (or an affiliated entity)	Principal occupation in the last 5 years
Sarah Pohlinger	Head of European & Emerging Markets Equities (Société Générale Asset Management International Limited)	8 years	From September 2006 to present - Head of European & Emerging Markets Equities (Société Générale Asset Management International Limited) From May 2006 to September 2006 – Fund Manager (Société Générale Asset Management International Limited) From November 2003 to May 2006 – unemployed From April 1997 to November 2003 – Fund Manager (Société Générale Asset Management International Limited)
Nerea Heras-Mendaza	Fund Manager, Emerging Markets Equities (Société Générale Asset Management International Limited)	6 months	From March 2007 to present - Fund Manager, Emerging Markets Equities (Société Générale Asset Management International Limited) Prior to March 2007 - Fund Manager, Emerging Markets Equities (AXA IM)

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

Portfolio Manager	Current Title	Length of Service with Portfolio Advisor (or an affiliated entity)	Principal occupation in the last 5 years
Larry Lunn	Director, Chairman and President	25 years	Director, Chairman and President, CCLIM
Gordon MacDougall	Director and Vice-President	23 years	Director and Vice President, CCLIM
J. Warren Stoddart	Director	13 years	Director, CCLIM
Brian Eby	Director and Vice President	9 years	Director and Vice President, CCLIM
Jim Thames	Partner, Portfolio Manager (Arrowstreet Capital, L.P.)	8 years	Partner and Portfolio Manager, Arrowstreet Capital, L.P.
Martin Gerber	Director and Commodity Advising Officer	16 years	Director and Commodity Advising Officer, CCLIM
Bill Tifford	Partner (Connor, Clark & Lunn Investment Management Partnership)	11 years	Partner, Connor, Clark & Lunn Investment Management Partnership
Nereo Piticco	Director and President (PCJ Investment Counsel Ltd.)	11 years	Director and President, PCJ Investment Counsel Ltd.
Lloyd Rowlett	Director and Vice President (Scheer, Rowlett & Associates Investment Management Ltd.)	12 years	Director and Vice President , Scheer, Rowlett & Associates Investment Management Ltd.

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

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Alex Callander	Chief Executive Officer	25 years	Senior Partner, Baillie Gifford
James Anderson	Chief Investment Officer	24 years	Since 2006 – Chief Investment Officer, Baillie Gifford From July 2003 to 2006 – Deputy Chief Investment Officer and Head, Global Equity Team, Baillie Gifford Prior to July 2003 – Head, European Investment Team, Baillie Gifford
Graham Laybourn	Head of Regulatory Risk	3 years	From May 2004 to present – Head of Regulatory Risk, Baillie Gifford From August 2003 to April 2004 – unemployed From 2000 to July 2003 – Head of Compliance, First State Group of Companies
Charles Plowden	Senior Partner and Chief of Investment Staff	24 years	Since 2006 – Joint Senior Partner and Chief of Investment Staff, Baillie Gifford Since 1988 – Partner, Baillie Gifford
Spencer Adair	Investment Manager	8 years	Investment Manager, UK Investment Team, Baillie Gifford
Malcolm MacColl	Investment Manager	8 years	Investment Manager, North American Investment Team, Baillie Gifford

Pursuant to an Investment Advisory Agreement dated as of April 23, 2007, Metropolitan West is the portfolio advisor to the U.S. Value Fund. The individuals providing advice are as follows:

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Gary Lisenbee	President	10 years	President, Metropolitan West
Howard Gleicher	Chief Executive Officer and Chief Investment Officer	10 years	Chief Executive Officer and Chief Investment Officer, Metropolitan West
David Graham	Senior Vice President	7 years	Senior Vice President, Metropolitan West

Pursuant to an Investment Advisory Agreement dated as of April 23, 2007, Pzena is the portfolio advisor to the International Value Fund. The individuals providing advice are as follows:

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Richard S. Pzena	Founder and Co-Chief Investment Officer	13 years	Founder and Co-Chief Investment Officer, Pzena
John P. Goetz	Managing Principal and Co-Chief Investment Officer	12 years	Managing Principal and Co-Chief Investment Officer, Pzena
Rama Krishna	Managing Principal and Portfolio Manager	5 years	From 2003 to present – Managing Principal and Portfolio Manager, Pzena From 1998 to 2003 – Chief Investment Officer and Head – Institutional & International, Citigroup Asset Management
Michael D. Peterson	Principal and Director of Research	10 years	Principal and Director of Research, Pzena

Pursuant to an Investment Advisory Agreement dated as of April 23, 2007, Thornburg is the portfolio advisor to the Global Opportunities Fund. The individuals providing advice are as follows:

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Brian McMahon	President and Chief Investment Officer	23 years	President and Chief Investment Officer, Thornburg
W. Vinson Walden	Managing Director and Co-Portfolio Manager	5 years	From 2006 to present – Managing Director and Co-Portfolio Manager of Global Equity Products, Thornburg From 2002 to 2006 – Managing Director and Portfolio Manager of Value and International Value Equity Products, Thornburg

Pursuant to an Investment Advisory Agreement dated as of April 23, 2007, GlobeFlex is the portfolio advisor to the Global Small Cap Fund. The individuals providing advice are as follows:

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
Robert J. Anslow, Jr.	Managing Partner, Co-Founder and Chief Investment Officer	13 years	Managing Partner, Co-Founder and Chief Investment Officer, GlobeFlex
Cherrie L. St. Germain	Partner and Co-Founder, Portfolio Management/Research/ Trading	13 years	Partner and Co-Founder, Portfolio Management, GlobeFlex
Andrew Mark	Partner, Portfolio Manager/Analyst/Trader	13 years	Partner, Portfolio Manager/Analyst/Trader, GlobeFlex
Kurt S. Livermore	Portfolio Manager/Analyst	2 years	From August 2005 to present - Portfolio Manager/Analyst, GlobeFlex From May 2003 to December 2004 – Partner, Portfolio Manager, Matikos Capital Management

Portfolio Manager	Current Title	Length of Service with portfolio advisor	Principal occupation in the last 5 years
			From July 1997 to May 2003 – Principal, Portfolio Manager, Barclays Global Investors
Qiao Wen	Portfolio Manager/Analyst	2 years	From September 2005 to present - Portfolio Manager/Analyst, GlobeFlex From July 1998 to August 2005, Vice President, Analyst, Fuller & Thaler Asset Management

The investment decisions of the individual portfolio managers listed above are not subject to the oversight, approval or ratification of a committee.

Fund Governance

SSI, the Trustee and Manager of the Funds, is responsible for the day-to-day administration and management of the Funds. SSI requires its portfolio advisors to provide investment management advice to the Funds. SSI receives regular reports from its portfolio advisors regarding their compliance with applicable investment guidelines and parameters and compliance with the investment restrictions and practices of the Funds.

SSI is the principal distributor of the Funds. Branch compliance officers in BNS branches oversee the distribution of units of the Funds.

SSI complies with National Instrument 81-105 *Mutual Fund Sales Practices*. SSI has adopted a Code of Ethics for Personal Investing that addresses potential internal conflicts of interest in respect of the Funds. In addition, BNS has adopted Guidelines for Business Conduct, which also addresses the issue of internal conflicts.

Risk management is dealt with on a number of levels. The investment management agreements between the Manager and the portfolio advisors specify that the Funds must comply with the investment restrictions and practices outlined in applicable securities legislation, including NI 81-102. The portfolio advisors provide regular compliance reports to the Manager regarding the Funds' adherence to the foregoing. The portfolio advisors have established policies and guidelines relating to business practices, risk management controls and conflicts of interest. In addition, each portfolio advisor has its own code of ethics which addresses such things as personal trading by employees. Each portfolio advisor's compliance committee, which is comprised of management personnel, meets regularly to consider compliance and risk management issues. Each portfolio advisor's compliance committee reports to the audit committee. Compliance personnel are not members of the trading group. Various measures to assess risk are used, including mark-to-market security valuation, fair value pricing, effective

exposure reporting, and monthly reconciliation of security and cash positions. Compliance monitoring of the Funds' portfolios is ongoing. The Funds are generally priced on each business day, which ensures that performance accurately reflects market movements.

Independent Review Committee

On May 1, 2007, SSI appointed an Independent Review Committee ("IRC"), the governance agency for the Funds as contemplated by National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107"). The IRC became operational under NI 81-107 on November 1, 2007 and its current members are Eric F. Kirzner, Robert S. Bell and D. Murray Paton. The members of the IRC are independent from, and not associates or affiliates of, the Manager, BNS or any of the Funds' portfolio advisors. The IRC must act in the best interests of the Funds' unitholders.

The mandate of the IRC is to:

(a) review a conflict of interest matter, including any related polices and procedures, referred to it by SSI and make recommendations to SSI regarding whether the proposed action of SSI in respect of the conflict of interest matter achieves a fair and reasonable result for the applicable Funds;

(b) consider and approve, if deemed appropriate, SSI's decision on a conflict of interest matter that SSI refers to the IRC for approval; and

(c) perform such other duties and provide such other recommendations and approvals as may be permitted under applicable securities laws.

NI 81-107 also requires that SSI have policies and procedures related to conflicts of interest.

Each member of the IRC will receive a fee for each meeting of the IRC attended by the member as well as an annual retainer and will be reimbursed for reasonable expenses incurred. These fees and expenses will be allocated among the Funds in a manner considered fair and reasonable by SSI. Details of any compensation paid by the Funds to the IRC members during the most recently completed financial year of the Funds will be available once the current financial year of the Funds has been completed.

Securities Lending, Repurchase and Reverse Repurchase Transactions

To increase returns, the Funds may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions in accordance with applicable securities legislation.

In a securities lending transaction, a Fund will loan portfolio securities it owns to a borrower for a fee. The borrower promises to return an equal number of the same securities at a later date. In a repurchase transaction, a Fund sells portfolio securities for cash and agrees to buy them back later at a specified price with the expectation of a profit. In a reverse repurchase agreement, a Fund buys securities for cash at one price and agrees to sell them back to the same party with the expectation of a profit.

SSI will appoint the Funds' custodian or sub-custodian to act as the agent of the Funds and to enter into securities lending transactions, repurchase transactions and reverse repurchase transactions on behalf of the Funds. The agency agreement will provide for the types of transactions that may be entered into by a Fund, types of portfolio assets that may be used, collateral requirements, limits on transaction sizes, permitted counterparties to the transactions and investment of any cash collateral. The agency agreement will provide for, and the agent will develop, policies and procedures which provide that securities lending, repurchase and reverse repurchase transactions will be entered into in accordance with the standard investment restrictions and practices set out above. Further, the agent will:

- ensure that collateral is provided in the form of cash, qualified securities or securities that can be converted into the securities which are the subject of the securities lending, repurchase or reverse repurchase transactions;

- value the loaned or purchased securities and the collateral every day to ensure that the collateral is worth at least 102% of the value of the securities;

- invest any cash collateral in accordance with the investment restrictions specified in the agency agreement;

- invest no more than 50% of the total assets of a Fund in securities lending or repurchase transactions at any one time; and

- assess the creditworthiness of the counterparties to securities lending, repurchase and reverse repurchase transactions.

The securities lending transactions of a Fund may be terminated by a Fund at any time. Repurchase and reverse repurchase transactions of the Funds will have a maximum term of 30 days.

SSI and BNS will review the agency agreement and the agent's policies and procedures on an annual basis to ensure that they comply with applicable laws.

SSI is responsible for managing the risks associated with securities lending, repurchase and reverse repurchase transactions.

Proxy Voting Policies and Procedures

Pursuant to the terms of the investment advisory agreements in place with the Funds' portfolio advisors, SSI delegates proxy voting responsibility in respect of the securities held by the Funds to the Funds' portfolio advisors.

T-Bill Fund, Premium T-Bill Fund, Money Market Fund, U.S. Money Market Fund, Mortgage Income Fund, Income Fund, Cassels Bond Fund, U.S. Bond Fund, Global Bond Fund, Cassels Government Bond Fund, Cassels Corporate Bond Fund, Monthly Income Fund, Balanced Fund, Cassels Advantaged Income Fund, Dividend Fund, Cassels Canadian Equity Fund, Canadian Blue Chip Fund, Canadian Growth Fund, Small Cap Fund, Resource Fund, Cassels North American Equity Fund, Cassels U.S. Equity Fund, U.S. Growth Fund, Scotia CanAm Index Fund, Nasdaq Index Fund and Cassels International Equity Fund

Scotia Cassels has retained the services of a third party consultant with expertise on proxy voting matters to provide proxy voting guidance. Scotia Cassels reviews each proxy, along with the recommendations made by the consultant with respect to proxy issues and may vote in accordance with such recommendations if appropriate and if consistent with its policies and procedures. Where proxies relate to relatively routine matters, such as the regular appointment of auditors and the election of directors, proxies are generally voted in accordance with management's recommendations. Where the proxy relates to non-routine matters, these matters are brought to the attention of the Chief Investment Officer or a senior Director on a case-by-case basis for consideration and final approval. The senior Director or Chief Investment Officer may determine that communication with company management is required in order to properly evaluate the matter prior to voting. Scotia Cassels' policies and procedures strive to eliminate conflicts of interest between the interests of the firm (and its affiliates and associates) and those of the mutual funds and their unitholders. For example, where an employee normally responsible for reviewing proxy materials has an interest in the issuer in respect of which the proxy relates, the employee must disclose such interest to a senior Director within Scotia Cassels who will assume responsibility for voting the proxy. If a proxy is for a related issuer, the recommendation of the third party proxy consultant will generally be followed.

Scotia Selected Portfolios, Scotia Partners Portfolios and Scotia Vision Portfolios

Where the underlying funds held by the Scotia Selected Portfolios, Scotia Partners Portfolios and Scotia Vision Portfolios are managed by SSI, or its associates or affiliates, securities of those underlying funds will not be voted. Alternatively, arrangements may be made whereby unitholders of the Scotia Selected Portfolios, Scotia Partners Portfolios and Scotia Vision Portfolios may vote their respective share of those securities. Where the underlying funds in which the Scotia Selected Portfolios, Scotia Partners Portfolios and Scotia Vision Portfolios invest are not managed by SSI, or its associates or affiliates, securities of the underlying funds will be voted in a manner that is consistent with the best interest of the unitholders of the Scotia Selected Portfolios, Scotia Partners Portfolios and Scotia Vision Portfolios with consideration given to the recommendations of management of those underlying funds. Alternatively, arrangements may be made whereby unitholders of these Funds may vote their respective share of those securities.

Canadian Bond Index Fund, Canadian Index Fund, U.S. Index Fund and International Index Fund

Oversight of the proxy voting process is the responsibility of an investment committee at State Street. In order to assist in the due diligence process, State Street has retained a firm with expertise in the proxy voting and corporate governance areas. On routine matters, State Street generally votes in support of management's recommendations. However, each proxy is

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

European Fund

AllianceBernstein has formed proxy voting committees that establish general proxy policies and consider specific proxy voting matters, as may be required. These committees periodically review these policies and decide how to vote on proposals not covered by the policies. When a proxy vote cannot be clearly decided by an application of a policy, the proxy committee will evaluate the proposal and may contact corporate management and interested shareholder groups or others to discuss the proposal. On certain matters such as the election of directors, appointment of auditors and changes in legal and capital structure, AllianceBernstein will generally vote in accordance with management's recommendations, unless there are compelling reasons to vote otherwise. Other matters such as corporate restructurings, mergers and acquisitions, proposals relating to social, political and environmental issues which have material financial impact on shareholder value and proposals affecting shareholder rights are addressed on a case by case basis. AllianceBernstein believes that its centralized management of proxy voting, oversight by the proxy voting committees and adherence to proxy voting policies ensures that proxies are voted with only its clients' best interests in mind. Notwithstanding the foregoing, AllianceBernstein has implemented additional procedures that ensure that proxy votes are not the product of a material conflict of interest, such as applying a series of objective tests and considering the views of third party research service providers to ensure that proxy voting is consistent with clients' best interests.

Pacific Rim Fund and Latin American Fund

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

Tactical Allocation Fund

CCLIM retains the services of an independent proxy review firm for proxy voting guidance. CCLIM reviews each proxy, along with the recommendations made by the independent firm, and determines how to vote. CCLIM does not distinguish between routine and non-routine matters when reviewing proxies and although CCLIM may vote in accordance with the recommendations of management on routine matters, each proxy issue is considered separately and voted in accordance with the best interests of the Fund. Should a conflict of interest arise, CCLIM's compliance officer will be involved with the proxy vote to ensure proxies are voted in a fund's best interest.

Global Fund

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

U.S. Value Fund

The Chief Investment Officer of Metropolitan West is responsible for ensuring that all proxies received are voted in a timely manner and in a manner consistent with Metropolitan West's determination of the Fund's best interest. Metropolitan West has established guidelines for proxy voting but recognizes that some proposals require special consideration, which may cause it to deviate from its established guidelines. In routine matters, the guidelines typically result in voting consistent with the recommendations of the issuer's management. Where a routine proxy proposal raises a material conflict of interest, it will vote in accordance with its predetermined guidelines. In the case of a conflict of interest raised on a non-routine proxy proposal, either Metropolitan West will disclose the conflict of interest of the Fund (providing sufficient detail on the matter) and obtain the Fund's consent to the proposed vote prior to voting the securities, or alternatively, it will forward the proxy matter to an independent third party for review and recommendation. Where the Fund does not respond to such a conflict of interest disclosure or denies the request, Metropolitan West will abstain from voting. If the independent

third party's recommendation is received on a timely basis, Metropolitan West will vote in accordance with the third party's recommendation, and if not received on a timely basis, will abstain from voting.

International Value Fund

Pzena hires a third party service provider to provide proxy monitoring and voting services. This service provider provides Pzena with a proxy analysis and a vote recommendation for each proxy voting issue. Pzena retains responsibility for instructing the service provider on how to vote. The service provider will forward proxies to the Director of Compliance, to determine whether a conflict exists. Once the conflicts check is completed, the proxy materials will be sent to the Pzena analyst responsible for the company soliciting the proxy to provide the voting instruction. Pzena's proxy voting committee has developed voting guidelines designed to maximize shareholder value and yield the best economic results for its clients. The Director of Research is responsible for monitoring the Pzena analyst's compliance with these procedures and the Director of Compliance is responsible for monitoring overall compliance with the procedures.

In general, proxies are voted in favour of management recommendations for routine issues, unless there are auditor independence or improved board and committee representation issues. Pzena will generally defer to the recommendation of the third party service provider where a vote involves a conflict of interest relating to securities of a publicly traded company that is a client of Pzena, or where a client or Pzena officer, director or employee or immediate family member of a Pzena officer, director or employee is a director or candidate for director of the publicly traded company. However, Pzena may seek instructions from the Fund on such voting where it determines that the third party recommendation is materially adverse to the best interest of the Fund. Where Pzena manages the assets of a proponent of a shareholder proposal for a company whose securities are held in the Fund's portfolio, it will vote the proxy in the best interest of the Fund, without consideration of the proposal, unless the proponent's assets constitute 30% or more of Pzena's total assets under management, in which case, Pzena will give the Fund 3 business days' advance notice of its intention to vote on the proposal and unless the Fund objects, will vote in this matter.

Global Opportunities Fund

Thornburg evaluates proxy voting matters on a case-by-case basis, seeking to enhance the value of a security or reduce the potential for a decline in the security's value. It may abstain from voting or decline to vote in those cases where there appears to be no relationship between the issue and the enhancement or preservation of an investment's value. Thornburg has appointed a Proxy Voting Coordinator to discharge various functions relating to its proxy voting policy. In general, the portfolio manager responsible for the Fund is responsible for the decision to vote (or not vote) the Fund's proxies. The President may also exercise this authority or the portfolio manager or President may delegate this responsibility to other individuals. In exercising voting authority, Thornburg considers voting recommendations and other information and analysis from service providers engaged by it. Where the portfolio manager determines that a proxy vote involves a conflict of interest and the vote relates to an uncontested routine matter, Thornburg shall vote the proxy in accordance with the recommendation of any proxy voting service engaged by it. If no recommendation is available or if the vote involves a non-routine

matter, Thornburg shall refer the vote to the Fund for voting direction or consent to vote in accordance with Thornburg's recommendation.

Global Small Cap Fund

It is the policy of GlobeFlex to vote proxies on both routine and non-routine matters in the interest of maximizing value for the Fund and so will vote in a way that it believes will cause the value of the issue to increase the most or decline the least. Consideration will be given to both the short and long term implications of the proposal. At times, GlobeFlex may determine that it is in the Fund's best interests to refrain from voting, such as when GlobeFlex's analysis of a particular proxy reveals that the cost of voting the proxy may exceed the expected benefit to the Fund. The Chief Compliance Officer, in conjunction with the investment team, is responsible for conducting the proxy voting cost-benefit analysis in these circumstances. GlobeFlex subscribes to the services of a third party proxy service provider to keep apprised of shareholder meeting dates, make copies of proxy materials available for its review and to vote proxies in accordance with GlobeFlex's guidelines or instructions. Although GlobeFlex may consider the recommendations of the third party service provider, it bears ultimate responsibility for proxy voting decisions. The Chief Compliance Officer is responsible for monitoring for potential conflicts between GlobeFlex's business interests and the best interests of the Fund. GlobeFlex will consult with a third-party compliance consulting firm and/or outside counsel if any possible conflicts arise and, upon detection of a material conflict of interest, will vote the proxy in accordance with the pre-determined policy recommendation of its third party proxy service provider.

Availability of Proxy Voting Information

The proxy voting policies and procedures for the Funds are available upon request and at no charge by calling 1-800-268-9269 (416-750-3863 in Toronto) for English or 1-800-387-5004 for French, or by writing to SSI at the address on the back cover of this annual information form. When available, proxy voting records for the most recent period ending June 30 of each year will be available upon request and at no charge after August 31 of that year. The proxy voting record will also be available at www.scotiabank.com.

Policies on the use of Derivatives

All of the Funds may use derivatives. All of the Funds may use derivatives for hedging purposes. Some Funds may also use derivatives to gain exposure to financial markets or to invest indirectly in securities or other assets. For information about how the Funds use derivatives, refer to "Derivatives" above and "About derivatives" in the Funds' simplified prospectus. Derivatives may only be used as permitted by the securities regulators.

The Distributor

The unissued units offered by the simplified prospectus of the Funds are distributed by SSI pursuant to an agreement between SSI and:

1. T-Bill Fund dated October 3, 1991;

2. Premium T-Bill Fund dated July 10, 1992;

3. Money Market Fund dated August 30, 1990;

4. each of Tactical Allocation Fund, Canadian Blue Chip Fund, Canadian Growth Fund and U.S. Growth Fund dated July 31, 1991;

5. U.S. Bond Fund dated November 27, 1991;

6. Mortgage Income Fund dated September 23, 1992;

7. each of Scotia CanAm Index Fund and Resource Fund dated September 24, 1993;

8. each of Pacific Rim Fund and Latin American Fund dated August 18, 1994;

9. Global Fund dated October 1, 1995;

10. each of U.S. Money Market Fund and European Fund dated September 3, 1996;

11. each of Income Fund, Dividend Fund, Balanced Fund, Global Bond Fund, Canadian Index Fund, U.S. Index Fund and Small Cap Fund dated October 24, 1998;

12. each of Canadian Bond Index Fund and International Index Fund dated September 20, 1999;

13. each of Nasdaq Index Fund, U.S. Value Fund, International Value Fund, Global Opportunities Fund and Global Small Cap Fund dated November 30, 2000;

14. each of the Scotia Partners Portfolios dated November 29, 2002;

15. each of the Scotia Selected Portfolios dated April 22, 2003;

16. Cassels Corporate Bond Fund dated October 30, 2003;

17. each of the Scotia Vision Portfolios, Monthly Income Fund, Cassels Bond Fund, Cassels Canadian Equity Fund, Cassels North American Equity Fund, Cassels U.S. Equity Fund and Cassels International Equity Fund dated June 10, 2005; and

18. each of Cassels Government Bond Fund and Cassels Advantaged Income Fund dated September 30, 2007.

(the "Distribution Agreements").

Under the Distribution Agreements, SSI has agreed to offer units of the Funds for sale when issued by the Funds. Provided that the terms of the Distribution Agreements are satisfied, SSI may appoint sub-distributors.

Each Distribution Agreement may be terminated at any time upon the request of the distributor or by agreement of the distributor and the Trustee, or after six months following a unitholders' meeting approving the termination.

Portfolio Transactions and Brokers

Decisions regarding purchase and sale of investment portfolio securities of the Funds are based on best execution, price and service and, therefore, are arranged by the Manager (or by a person appointed by the Manager) through a large number of brokerage houses, including Scotia Capital, an affiliate of the Manager. Such business will be executed at normal institutional brokerage rates.

Brokerage business may be allocated to compensate brokers for information and research which may assist the Funds, provided that the terms of such business are comparable with the terms offered by other brokers offering similar services. Since the date of the last annual information form, the following companies provided investment decision-making services in the nature of advice regarding the value of securities, research analysis and reports, portfolio strategies, economic data and company specific research to the Manager, or a person appointed by the Manager, in exchange for brokerage business:

Bank of America Securities LLC
Bear Stearns
Bloomberg
Cantor Fitzgerald
Citigroup Inc.
Commission Direct Inc.
Deutsche Bank
Dundee Securities Corporation
E Trade Technologies Corporation
Haywood Securities Inc.
Hughes Ouimet & Associates
Instinet
ITG
Jefferies & Company
Merrill Lynch
Nomura
UBS
Westminster Research Associates

Changes to the Declarations of Trust

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

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

The Funds will continue until terminated by the Trustee. Subject to applicable securities laws and regulations, the Trustee is empowered to take all steps necessary to effect the termination of such Funds.

The Promoter

BNS is the promoter of all Funds. Money Market Fund was originally promoted by SSI. Canadian Blue Chip Fund and U.S. Growth Fund were originally promoted by ScotiaMcLeod. Global Fund, Tactical Allocation Fund and Canadian Growth Fund were originally promoted by Montreal Trust. Income Fund, Dividend Fund, Balanced Fund, Global Bond Fund, Canadian Index Fund, U.S. Index Fund and Small Cap Fund were originally promoted by National Trust. BNS received, and will receive, remuneration from, and in respect of, the Funds as set out under the headings "The Custodian" and "Other Material Information".

The Custodian

Pursuant to agreements with each of the Funds, BNS acts as custodian of the Funds' portfolio securities. The Funds pay all reasonable fees and expenses of BNS for custodial services, including safekeeping and administrative services. These agreements permit BNS to appoint sub-custodians on the same terms and conditions it has with each of the Funds. As of the date of this annual information form, The Bank of New York, New York, U.S.A., acts as principal sub-custodian of the Funds.

OTHER MATERIAL INFORMATION

Principal Holders of Securities

As at October 4, 2007, BNS owned all of the issued and outstanding shares of SSI. As at October 4, 2007, the principal holders of securities of each class of units of the Funds were as follows:

Name and address of holder	Issuer	Class of holdings	Type of Ownership	Number of Securities	Percentage of Class
ScotiaBank US Growth Fund Cayman Island	U.S. Stock Index Fund	Class A units	of record and beneficial	512,259	14.5%
Scotia Capital Toronto, Ontario	Monthly Income Fund	Class F units	of record	128	25.0%
Scotia Capital Toronto, Ontario	Monthly Income Fund	Class F units	of record	125	24.4%
Scotia Capital Toronto, Ontario	Monthly Income Fund	Class F units	of record	194	37.8%
Scotia Capital Toronto, Ontario	Income Portfolio	Class F units	of record	697	100.0%
Scotia Capital Toronto, Ontario	Income Portfolio	Class F units	of record	2,345	25.8%
Scotia Capital Toronto, Ontario	Balanced Portfolio	Class F units	of record	1,667	18.3%
Scotia Capital Toronto, Ontario	Balanced Portfolio	Class F units	of record	1,150	12.6%
Scotia Capital Toronto, Ontario	Balanced Portfolio	Class F units	of record	1,677	18.4%
Scotia Capital Toronto, Ontario	Growth Portfolio	Class F units	of record	7,747	11.2%
Scotia Capital Toronto, Ontario	Aggressive Growth Portfolio	Class F units	of record	4,269	42.2%

Name and address of holder	Issuer	Class of holdings	Type of Ownership	Number of Securities	Percentage of Class
Scotia Capital Toronto, Ontario	Aggressive Growth Portfolio	Class F units	of record	1,138	11.2%
Scotia Capital Toronto, Ontario	Aggressive Growth Portfolio	Class F units	of record	1,066	10.5%
Scotia Capital Toronto, Ontario	Aggressive Growth Portfolio	Class F units	of record	1,335	13.2%
Scotia McLeod Toronto, Ontario	Aggressive Growth Portfolio	Class F units	of record	1,446	14.3%
Scotia Capital Toronto, Ontario	Canadian Blue Chip Fund	Class F units	of record	627	46.2%
Scotia Capital Toronto, Ontario	Canadian Blue Chip Fund	Class F units	of record	730	53.8%
Scotia Capital Toronto, Ontario	CanAm Index Fund	Class F units	of record	1,160	100.0%
Scotia Capital Toronto, Ontario	U.S. Growth Fund	Class F units	of record	1,128	100.0%
Scotia Capital Toronto, Ontario	U.S. Bond Fund	Class F units	of record	453	36.3%
Scotia Capital Toronto, Ontario	U.S. Bond Fund	Class F units	of record	794	63.7%
Scotia Capital Toronto, Ontario	Mortgage Income Fund	Class F units	of record	378	100.0%
Scotia Capital Toronto, Ontario	Resource Fund	Class F units	of record	143	32.5%
Scotia Capital Toronto, Ontario	Resource Fund	Class F units	of record	62	14.0%
Scotia Capital Toronto, Ontario	Resource Fund	Class F units	of record	93	21.1%
Scotia Capital Toronto, Ontario	Resource Fund	Class F units	of record	143	32.4%
Scotia Capital Toronto, Ontario	Latin American Fund	Class F units	of record	1,157	24.7%
Scotia Capital Toronto, Ontario	Latin American Fund	Class F units	of record	1,721	36.7%
Scotia Capital Toronto, Ontario	Latin American Fund	Class F units	of record	535	11.4%
Scotia Capital Toronto, Ontario	Latin American Fund	Class F units	of record	522	11.1%
Scotia McLeod Toronto, Ontario	Tactical Allocation Fund	Class F units	of record	465	40.7%
Scotia Capital Toronto, Ontario	Tactical Allocation Fund	Class F units	of record	666	58.3%
Scotia Capital Toronto, Ontario	Canadian Growth Fund	Class F units	of record	341	44.4%
Scotia McLeod Toronto, Ontario	Canadian Growth Fund	Class F units	of record	426	55.6%
Scotia McLeod Toronto, Ontario	Income Fund	Class F units	of record	6,948	31.1%
Scotia Capital Toronto, Ontario	Income Fund	Class F units	of record	2,414	10.8%
Scotia Capital Toronto, Ontario	Income Fund	Class F units	of record	2,325	10.4%

Name and address of holder	Issuer	Class of holdings	Type of Ownership	Number of Securities	Percentage of Class
Scotia McLeod Toronto, Ontario	Balanced Fund	Class F units	of record	1,174	41.7%
Scotia McLeod Toronto, Ontario	Balanced Fund	Class F units	of record	1,639	58.3%
Scotia Capital Toronto, Ontario	Canadian Bond Index Fund	Class F units	of record	15,832	14.2%
Scotia Capital Toronto, Ontario	Canadian Bond Index Fund	Class F units	of record	19,859	17.8%
Scotia McLeod Toronto, Ontario	International Index Fund	Class F units	of record	898	100.0%
Scotia McLeod Toronto, Ontario	Global Opportunities Fund	Class F units	of record	796	100.0%
Scotia McLeod Toronto, Ontario	International Value Fund	Class F units	of record	604	25.5%
Scotia McLeod Toronto, Ontario	International Value Fund	Class F units	of record	1,761	74.5%
Scotia McLeod Toronto, Ontario	Nasdaq Index Fund	Class F units	of record	788	100.0%
Conservative 2010 Portfolio Toronto, Ontario	Canadian Blue Chip Fund	Class I units	of record and beneficial	91,710	11.4%
Conservative 2015 Portfolio Toronto, Ontario	Canadian Blue Chip Fund	Class I units	of record and beneficial	143,862	17.9%
Conservative 2020 Portfolio Toronto, Ontario	Canadian Blue Chip Fund	Class I units	of record and beneficial	222,198	27.7%
Conservative 2030 Portfolio Toronto, Ontario	Canadian Blue Chip Fund	Class I units	of record and beneficial	110,961	13.8%
Aggressive 2020 Portfolio Toronto, Ontario	Canadian Blue Chip Fund	Class I units	of record and beneficial	99,230	12.4%
Conservative 2010 Portfolio Toronto, Ontario	Money Market Fund	Class I units	of record and beneficial	618,169	40.8%
Conservative 2015 Portfolio Toronto, Ontario	Money Market Fund	Class I units	of record and beneficial	430,837	28.5%
Conservative 2020 Portfolio Toronto, Ontario	Money Market Fund	Class I units	of record and beneficial	333,955	22.1%
Selected Income Portfolio Toronto, Ontario	Mortgage Income Fund	Class I units	of record and beneficial	4,792,186	23.4%
Selected Balanced Portfolio Toronto, Ontario	Mortgage Income Fund	Class I units	of record and beneficial	6,903,568	33.7%
Monthly Income Fund Toronto, Ontario	Mortgage Income Fund	Class I units	of record and beneficial	8,796,449	42.9%
Conservative 2030 Portfolio Toronto, Ontario	Pacific Rim Fund	Class I units	of record and beneficial	28,593	45.9%
Aggressive 2030 Portfolio Toronto, Ontario	Pacific Rim Fund	Class I units	of record and beneficial	33,454	53.7%
Conservative 2020 Portfolio Toronto, Ontario	Latin American Fund	Class I units	of record and beneficial	24,693	25.5%
Conservative 2030 Portfolio Toronto, Ontario	Latin American Fund	Class I units	of record and beneficial	22,612	23.3%
Aggressive 2015 Portfolio Toronto, Ontario	Latin American Fund	Class I units	of record and beneficial	13,483	13.9%
Aggressive 2020 Portfolio Toronto, Ontario	Latin American Fund	Class I units	of record and beneficial	20,827	21.5%

Name and address of holder	Issuer	Class of holdings	Type of Ownership	Number of Securities	Percentage of Class
Aggressive 2030 Portfolio Toronto, Ontario	Latin American Fund	Class I units	of record and beneficial	14,547	15.0%
Selected Balanced Income Portfolio Toronto, Ontario	Canadian Growth Fund	Class I units	of record and beneficial	1,140,098	43.5%
Selected Moderate Portfolio Toronto, Ontario	Canadian Growth Fund	Class I units	of record and beneficial	989,400	37.8%
Selected Aggressive Portfolio Toronto, Ontario	Canadian Growth Fund	Class I units	of record and beneficial	267,034	10.2%
Selected Balanced Portfolio Toronto, Ontario	Global Fund	Class I units	of record and beneficial	2,065,704	41.4%
Selected Moderate Portfolio Toronto, Ontario	Global Fund	Class I units	of record and beneficial	1,958,762	39.2%
Selected Aggressive Portfolio Toronto, Ontario	Global Fund	Class I units	of record and beneficial	501,619	10.0%
Conservative 2010 Portfolio Toronto, Ontario	European Fund	Class I units	of record and beneficial	45,801	10.9%
Conservative 2015 Portfolio Toronto, Ontario	European Fund	Class I units	of record and beneficial	63,407	15.1%
Conservative 2020 Portfolio Toronto, Ontario	European Fund	Class I units	of record and beneficial	63,947	15.2%
Conservative 2030 Portfolio Toronto, Ontario	European Fund	Class I units	of record and beneficial	94,809	22.6%
Aggressive 2020 Portfolio Toronto, Ontario	European Fund	Class I units	of record and beneficial	48,174	11.5%
Aggressive 2030 Portfolio Toronto, Ontario	European Fund	Class I units	of record and beneficial	52,904	12.6%
Balanced Portfolio Toronto, Ontario	Income Fund	Class I units	of record and beneficial	34,031,100	30.6%
Moderate Growth Portfolio Toronto, Ontario	Income Fund	Class I units	of record and beneficial	18,235,331	16.4%
Selected Balanced Portfolio Toronto, Ontario	Income Fund	Class I units	of record and beneficial	20,557,866	18.5%
Conservative 2010 Portfolio Toronto, Ontario	Global Bond Fund	Class I units	of record and beneficial	691,157	21.9%
Conservative 2015 Portfolio Toronto, Ontario	Global Bond Fund	Class I units	of record and beneficial	852,010	26.9%
Conservative 2020 Portfolio Toronto, Ontario	Global Bond Fund	Class I units	of record and beneficial	753,696	23.8%
Conservative 2010 Portfolio Toronto, Ontario	Canadian Index Fund	Class I units	of record and beneficial	212,215	15.9%
Conservative 2015 Portfolio Toronto, Ontario	Canadian Index Fund	Class I units	of record and beneficial	333,967	25.1%
Conservative 2020 Portfolio Toronto, Ontario	Canadian Index Fund	Class I units	of record and beneficial	292,869	22.0%
Conservative 2030 Portfolio Toronto, Ontario	Canadian Index Fund	Class I units	of record and beneficial	145,086	10.9%
Conservative 2010 Portfolio Toronto, Ontario	U.S. Index Fund	Class I units	of record and beneficial	150,948	14.7%
Conservative 2015 Portfolio Toronto, Ontario	U.S. Index Fund	Class I units	of record and beneficial	276,751	26.9%
Conservative 2020 Portfolio Toronto, Ontario	U.S. Index Fund	Class I units	of record and beneficial	229,937	22.3%

Name and address of holder	Issuer	Class of holdings	Type of Ownership	Number of Securities	Percentage of Class
Conservative 2030 Portfolio Toronto, Ontario	U.S. Index Fund	Class I units	of record and beneficial	113,197	11.0%
Selected Balanced Portfolio Toronto, Ontario	Small Cap Fund	Class I units	of record and beneficial	1,210,449	34.3%
Selected Moderate Portfolio Toronto, Ontario	Small Cap Fund	Class I units	of record and beneficial	1,043,928	29.6%
Selected Balanced Portfolio Toronto, Ontario	Dividend Fund	Class I units	of record and beneficial	1,859,559	24.4%
Selected Moderate Portfolio Toronto, Ontario	Dividend Fund	Class I units	of record and beneficial	1,626,436	21.3%
Bansco & Co. Toronto, Ontario	Dividend Fund	Class I units	of record	2,319,073	30.4%
Conservative 2010 Portfolio Toronto, Ontario	Canadian Bond Index Fund	Class I units	of record and beneficial	659,487	19.7%
Conservative 2015 Portfolio Toronto, Ontario	Canadian Bond Index Fund	Class I units	of record and beneficial	897,623	26.8%
Conservative 2020 Portfolio Toronto, Ontario	Canadian Bond Index Fund	Class I units	of record and beneficial	792,837	23.7%
Conservative 2010 Portfolio Toronto, Ontario	International Index Fund	Class I units	of record and beneficial	275,419	15.1%
Conservative 2015 Portfolio Toronto, Ontario	International Index Fund	Class I units	of record and beneficial	401,904	22.0%
Conservative 2020 Portfolio Toronto, Ontario	International Index Fund	Class I units	of record and beneficial	333,313	18.2%
Conservative 2030 Portfolio Toronto, Ontario	International Index Fund	Class I units	of record and beneficial	298,947	16.4%
Aggressive 2020 Portfolio Toronto, Ontario	International Index Fund	Class I units	of record and beneficial	183,832	10.1%
Aggressive 2030 Portfolio Toronto, Ontario	International Index Fund	Class I units	of record and beneficial	200,206	11.0%
Selected Balanced Portfolio Toronto, Ontario	Global Opportunities Fund	Class I units	of record and beneficial	2,016,516	46.6%
Selected Moderate Portfolio Toronto, Ontario	Global Opportunities Fund	Class I units	of record and beneficial	1,792,667	41.5%
Selected Aggressive Portfolio Toronto, Ontario	Global Opportunities Fund	Class I units	of record and beneficial	521,283	12.1%
Selected Balanced Portfolio Toronto, Ontario	U.S. Value Fund	Class I units	of record and beneficial	3,367,610	34.0%
Selected Moderate Portfolio Toronto, Ontario	U.S. Value Fund	Class I units	of record and beneficial	3,207,552	32.3%
Selected Balanced Portfolio Toronto, Ontario	International Value Fund	Class I units	of record and beneficial	3,083,022	29.6%
Selected Moderate Portfolio Toronto, Ontario	International Value Fund	Class I units	of record and beneficial	2,928,444	28.1%
Selected Balanced Portfolio Toronto, Ontario	Global Small Cap Fund	Class I units	of record and beneficial	2,920,052	34.1%
Selected Moderate Portfolio Toronto, Ontario	Global Small Cap Fund	Class I units	of record and beneficial	2,796,227	32.6%

As at October 9, 2007, IRC members in aggregate, did not own more than 10%, directly or indirectly, of the units of any class of a Fund. As at October 9, 2007, IRC members did not

own any securities of SSI or a service provider to the Funds or SSI, other than common shares of BNS. Such holdings represented less than 1% of the outstanding common shares of BNS.

Material Contracts

Other than the declarations of trust, distribution agreements, management agreements and investment management/advisory agreements described above, the only material contracts which have been entered into by the Funds are the registrar and transfer agency agreements and custodian agreements for each of the Funds. They are as follows:

Material Contract	Fund(s)	Party	Date of execution
Registrar and Transfer Agency Agreement	T-Bill Fund, Premium T-Bill Fund, Money Market Fund, Mortgage Income Fund, U.S. Bond Fund, Canadian Blue Chip Fund, Resource Fund, U.S. Growth Fund and Scotia CanAm Index Fund	SSI	July 31, 1991
Amended & Restated Custodian Agreement	T-Bill Fund, Premium T-Bill Fund, Money Market Fund, Mortgage Income Fund, U.S. Bond Fund, Canadian Blue Chip Fund, Resource Fund, U.S. Growth Fund and Scotia CanAm Index Fund	BNS	January 31, 2001
Registrar and Transfer Agency Agreement	Pacific Rim Fund and Latin American Fund	SSI	August 18, 1994
Amended & Restated Custodian Agreement	Pacific Rim Fund and Latin American Fund	BNS	January 31, 2001
Registrar and Transfer Agency Agreement	Tactical Allocation Fund, Global Fund and Canadian Growth Fund	SSI	October 1, 1995
Amended & Restated Custodian Agreement	Tactical Allocation Fund, Global Fund and Canadian Growth Fund	BNS	January 31, 2001
Registrar and Transfer Agency Agreement	U.S. Money Market Fund and European Fund	SSI	September 3, 1996
Amended & Restated Custodian Agreement	U.S. Money Market Fund and European Fund	BNS	January 31, 2001

Material Contract	Fund(s)	Party	Date of execution
Registrar and Transfer Agency Agreement	Income Fund, Global Bond Fund, Dividend Fund, Balanced Fund, Canadian Index Fund, Small Cap Fund and U.S. Index Fund	SSI	October 24, 1998
Amended & Restated Custodian Agreement	Income Fund, Global Bond Fund, Dividend Fund, Balanced Fund, Canadian Index Fund, Small Cap Fund and U.S. Index Fund	BNS	January 31, 2001
Registrar and Transfer Agency Agreement	Canadian Bond Index Fund and International Index Fund	SSI	September 20, 1999
Amended & Restated Custodian Agreement	Canadian Bond Index Fund and International Index Fund	BNS	January 31, 2001
Registrar and Transfer Agency Agreement	Nasdaq Index Fund, U.S. Value Fund, International Value Fund, Global Opportunities Fund and Global Small Cap Fund	SSI	November 30, 2000
Custodian Agreement	Nasdaq Index Fund, U.S. Value Fund, International Value Fund, Global Opportunities Fund and Global Small Cap Fund	BNS	November 30, 2000
Registrar and Transfer Agency Agreement	Income Portfolio, Balanced Portfolio, Moderate Growth Portfolio, Aggressive Growth Portfolio	SSI	November 29, 2002
Custodian Agreement	Income Portfolio, Balanced Portfolio, Moderate Growth Portfolio, Aggressive Growth Portfolio	BNS	November 29, 2002
Registrar and Transfer Agency Agreement	Selected Income Portfolio, Selected Balanced Portfolio, Selected Moderate Portfolio and Selected Aggressive Portfolio	SSI	April 22, 2003
Custodian Agreement	Selected Income Portfolio, Selected Balanced Portfolio, Selected Moderate Portfolio and Selected Aggressive Portfolio	BNS	April 22, 2003

Material Contract	Fund(s)	Party	Date of execution
Registrar and Transfer Agency Agreement	Cassels Corporate Bond Fund	SSI	October 30, 2003
Custodian Agreement	Cassels Corporate Bond Fund	BNS	October 30, 2003
Registrar and Transfer Agency Agreement	Conservative 2010 Portfolio, Aggressive 2010 Portfolio, Conservative 2015 Portfolio, Aggressive 2015 Portfolio, Conservative 2020 Portfolio, Aggressive 2020 Portfolio, Conservative 2030 Portfolio, Aggressive 2030 Portfolio, Monthly Income Fund, Cassels Bond Fund, Cassels Canadian Equity Fund, Cassels North American Equity Fund, Cassels U.S. Equity Fund and Cassels International Equity Fund	SSI	June 10, 2005
Custodian Agreement	Conservative 2010 Portfolio, Aggressive 2010 Portfolio, Conservative 2015 Portfolio, Aggressive 2015 Portfolio, Conservative 2020 Portfolio, Aggressive 2020 Portfolio, Conservative 2030 Portfolio, Aggressive 2030 Portfolio, Monthly Income Fund, Cassels Bond Fund, Cassels Canadian Equity Fund, Cassels North American Equity Fund, Cassels U.S. Equity Fund and Cassels International Equity Fund	BNS	June 10, 2005
Registrar and Transfer Agency Agreement	Cassels Government Bond Fund and Cassels Advantaged Income Fund	SSI	September 30, 2007
Custodian Agreement	Cassels Government Bond Fund and Cassels Advantaged Income Fund	SSI	September 30, 2007

Copies of such agreements may be inspected at the head office of the Funds during ordinary business hours on any business day.

Fund Mergers

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

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

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

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

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

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

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

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

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

Change of Investment Objectives

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

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

Related Party Transactions

The Manager receives management fees from the Funds as described under the sub-heading "The Manager" above. The fees received by the Manager are disclosed in the financial statements of the Funds.

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

Resource Fund may purchase and sell precious metals and evidences thereof through BNS when BNS' prices are at least as advantageous to the Fund as other dealers' prices revealed by a reasonable sample of the market. Immediately before dealing through BNS, the Fund shall obtain and record at least one quotation from an independent, arm's length dealer, noting the dealer's name, the date and time of the quotation, the individual communicating the quotation, the price quoted and the type of metal and quantity quoted on. The Fund's management report of fund performance or financial statements shall contain information about transactions made through BNS, including the date of each transaction, the price, the type of metal and the quantity transacted. The Fund shall govern its activities as though all assets in its portfolio constitute "securities" and "portfolio securities" for purposes of securities legislation.

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

BNS may earn some income as a result of providing custodial services, including safekeeping and administrative services, and unitholder recordkeeping services to the Funds and as a result of acting as agent in respect of securities lending, repurchase and reverse repurchase transactions.

Scotia Cassels and Scotia Capital will earn income as a result of providing portfolio management services to certain Funds. Scotia Capital will earn brokerage fees as a result of providing trading execution services for certain Funds from time to time.

Funds that invest in underlying funds that are managed by the Manager or an associate or affiliate of the Manager will not vote any of the securities of those underlying funds. The Manager may, however, arrange for unitholders to vote their share of those securities.

Portfolio Advisor Changes

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

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

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

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

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

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

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

Fund Manager Changes

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

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

Auditors, Transfer Agent and Registrar

Ernst & Young LLP, Chartered Accountants, Box 251, Ernst & Young Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1J7 are the auditors of the Funds, except for Income Fund, Global Bond Fund, Dividend Fund, Balanced Fund, Canadian Index Fund, U.S.

Index Fund and Small Cap Fund which are audited by Gaviller & Company LLP, Chartered Accountants, P.O. Box 460, Owen Sound, Ontario, N4K 5P7.

The auditors of the Funds may only be changed with the approval of the IRC and upon providing unitholders of the Funds with 60 days' advance written notice in accordance with the provisions of the declarations of trust for the Funds and as permitted by the securities regulatory authorities.

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

AUDITORS' CONSENT

Scotia T-Bill Fund
Scotia Premium T-Bill Fund
Scotia Money Market Fund
Scotia U.S. $ Money Market Fund (formerly Scotia CanAm U.S. $ Money Market Fund)
Scotia Mortgage Income Fund
Scotia Cassels Canadian Bond Fund
Scotia Cassels Short-Mid Government Bond Fund
Scotia Cassels Canadian Corporate Bond Fund
Scotia U.S. $ Bond Fund (formerly Scotia CanAm U.S. $ Income Fund)
Scotia Diversified Monthly Income Fund
Scotia Cassels Advantaged Income Fund
Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund)
Scotia Cassels Canadian Equity Fund
Scotia Canadian Blue Chip Fund
Scotia Canadian Growth Fund
Scotia Resource Fund
Scotia Cassels North American Equity Fund
Scotia Cassels U.S. Equity Fund
Scotia U.S. Growth Fund (formerly Scotia American Growth Fund)
Scotia U.S. Value Fund (formerly Capital U.S. Large Companies Fund)
Scotia International Value Fund (formerly Capital International Large Companies Fund)
Scotia Cassels International Equity Fund
Scotia European Fund (formerly Scotia European Growth Fund)
Scotia Pacific Rim Fund (formerly Scotia Pacific Rim Growth Fund)
Scotia Latin American Fund (formerly Scotia Latin American Growth Fund)
Scotia Global Growth Fund
Scotia Global Small Cap Fund (formerly Capital Global Small Companies Fund)
Scotia Global Opportunities Fund (formerly Capital Global Discovery Fund)
Scotia Canadian Bond Index Fund
Scotia CanAm Index Fund (formerly Scotia CanAm Stock Index Fund)
Scotia Nasdaq Index Fund
Scotia International Index Fund (formerly Scotia International Stock Index Fund)
Scotia Selected Income & Modest Growth Portfolio (formerly Scotia Selected Income & Modest Growth Fund)
Scotia Selected Balanced Income & Growth Portfolio (formerly Scotia Selected Balanced Income & Growth Fund)
Scotia Selected Moderate Growth Portfolio (formerly Scotia Selected Conservative Growth Fund)
Scotia Selected Aggressive Growth Portfolio (formerly Scotia Selected Aggressive Growth Fund)
Scotia Partners Income & Modest Growth Portfolio
Scotia Partners Balanced Income & Growth Portfolio
Scotia Partners Moderate Growth Portfolio (formerly Scotia Partners Conservative Growth Portfolio)
Scotia Partners Aggressive Growth Portfolio
Scotia Vision Conservative 2010 Portfolio (formerly Scotia Vision Conservative 2010 Fund)
Scotia Vision Aggressive 2010 Portfolio (formerly Scotia Vision Aggressive 2010 Fund)
Scotia Vision Conservative 2015 Portfolio (formerly Scotia Vision Conservative 2015 Fund)
Scotia Vision Aggressive 2015 Portfolio (formerly Scotia Vision Aggressive 2015 Fund)
Scotia Vision Conservative 2020 Portfolio (formerly Scotia Vision Conservative 2020 Fund)
Scotia Vision Aggressive 2020 Portfolio (formerly Scotia Vision Aggressive 2020 Fund)
Scotia Vision Conservative 2030 Portfolio (formerly Scotia Vision Conservative 2030 Fund)
Scotia Vision Aggressive 2030 Portfolio (formerly Scotia Vision Aggressive 2030 Fund)

(collectively, the "Funds")

We have read the simplified prospectuses and the related annual information form of the Funds, each dated November 1, 2007, relating to the distribution and sale of Class A units, Class F units, Class I units and Scotia Private Client units, as applicable, of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned simplified prospectuses and the related annual information form, of our report dated February 16, 2007 to the unitholders of the Funds on the following financial statements for each of the Funds (except for Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund):

- Statements of Net Assets as at December 31, 2006 and 2005;
- Statement of Investment Portfolio as at December 31, 2006;
- Statements of Operations for the periods ended December 31, 2006 and 2005 and
- Statements of Changes in Net Assets for the periods ended December 31, 2006 and 2005.

For Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund, we consent to the use, through incorporation by reference in the above-mentioned simplified prospectuses and the related annual information form, of our report dated October 31, 2007 to the unitholders of these two Funds on the Statement of Net Assets as at October 30, 2007 for each fund.

(signed) *"Ernst & Young LLP"*

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario

November 1, 2007

AUDITORS' CONSENT

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

(collectively, the "Funds")

We have read the simplified prospectuses and the related annual information form of the Funds, each dated November 1, 2007 relating to the distribution and sale of Class A units, Class F units, Class I units and Scotia Private Client units, as applicable, of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned simplified prospectuses and related annual information form, of our report dated February 16, 2007 to the unitholders of the Funds, on the following financial statements for each of the Funds:

- Statements of Net Assets as at December 31, 2006 and 2005;
- Statement of Investment Portfolio as at December 31, 2006;
- Statements of Operations for the periods ended December 31, 2006 and 2005; and
- Statements of Changes in Net Assets for the periods ended December 31, 2006 and 2005.

(signed) *"Gaviller & Company LLP"*

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario

November 1, 2007

CERTIFICATE OF THE FUNDS AND THE MANAGER OF THE FUNDS

Scotia T-Bill Fund
Scotia Premium T-Bill Fund
Scotia Money Market Fund
Scotia U.S. $ Money Market Fund (formerly Scotia CanAm U.S. $ Money Market Fund)
Scotia Mortgage Income Fund
Scotia Canadian Income Fund
Scotia Cassels Canadian Bond Fund
Scotia Cassels Short-Mid Government Bond Fund
Scotia Cassels Canadian Corporate Bond Fund
Scotia U.S. $ Bond Fund (formerly Scotia CanAm U.S. $ Income Fund)
Scotia Global Bond Fund (formerly Scotia CanGlobal Income Fund)
Scotia Diversified Monthly Income Fund
Scotia Canadian Balanced Fund
Scotia Cassels Advantaged Income Fund
Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund)
Scotia Canadian Dividend Fund
Scotia Cassels Canadian Equity Fund
Scotia Canadian Blue Chip Fund
Scotia Canadian Growth Fund
Scotia Canadian Small Cap Fund
Scotia Resource Fund
Scotia Cassels North American Equity Fund
Scotia Cassels U.S. Equity Fund
Scotia U.S. Growth Fund (formerly Scotia American Growth Fund)
Scotia U.S. Value Fund (formerly Capital U.S. Large Companies Fund)
Scotia International Value Fund (formerly Capital International Large Companies Fund)
Scotia Cassels International Equity Fund
Scotia European Fund (formerly Scotia European Growth Fund)
Scotia Pacific Rim Fund (formerly Scotia Pacific Rim Growth Fund)
Scotia Latin American Fund (formerly Scotia Latin American Growth Fund)
Scotia Global Growth Fund
Scotia Global Small Cap Fund (formerly Capital Global Small Companies Fund)
Scotia Global Opportunities Fund (formerly Capital Global Discovery Fund)
Scotia Canadian Bond Index Fund
Scotia Canadian Index Fund (formerly Scotia Canadian Stock Index Fund)
Scotia U.S. Index Fund (formerly Scotia American Stock Index Fund)
Scotia CanAm Index Fund (formerly Scotia CanAm Stock Index Fund)
Scotia Nasdaq Index Fund
Scotia International Index Fund (formerly Scotia International Stock Index Fund)
Scotia Selected Income & Modest Growth Portfolio (formerly Scotia Selected Income & Modest Growth Fund)
Scotia Selected Balanced Income & Growth Portfolio (formerly Scotia Selected Balanced Income & Growth Fund)
Scotia Selected Moderate Growth Portfolio (formerly Scotia Selected Conservative Growth Fund)
Scotia Selected Aggressive Growth Portfolio (formerly Scotia Selected Aggressive Growth Fund)
Scotia Partners Income & Modest Growth Portfolio
Scotia Partners Balanced Income & Growth Portfolio
Scotia Partners Moderate Growth Portfolio (formerly Scotia Partners Conservative Growth Portfolio)
Scotia Partners Aggressive Growth Portfolio
Scotia Vision Conservative 2010 Portfolio (formerly Scotia Vision Conservative 2010 Fund)
Scotia Vision Aggressive 2010 Portfolio (formerly Scotia Vision Aggressive 2010 Fund)
Scotia Vision Conservative 2015 Portfolio (formerly Scotia Vision Conservative 2015 Fund)
Scotia Vision Aggressive 2015 Portfolio (formerly Scotia Vision Aggressive 2015 Fund)
Scotia Vision Conservative 2020 Portfolio (formerly Scotia Vision Conservative 2020 Fund)
Scotia Vision Aggressive 2020 Portfolio (formerly Scotia Vision Aggressive 2020 Fund)
Scotia Vision Conservative 2030 Portfolio (formerly Scotia Vision Conservative 2030 Fund)
Scotia Vision Aggressive 2030 Portfolio (formerly Scotia Vision Aggressive 2030 Fund)

(collectively, the “Funds”)

This annual information form, the financial statements of the Funds (other than Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund) for the financial period ended December 31, 2006 and the auditors' reports on those financial statements, the statement of net assets for Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund dated October 30, 2007 and the auditors' report thereon as well as the interim financial statements of the Funds (other than Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund) for the period ended June 30, 2007, 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.

Dated: November 1, 2007

By: *"Glen B. Gowland"*
Glen B. Gowland
President and Chief Executive Officer
Scotia Securities Inc.

By: *"Walter Pavan"*
Walter Pavan
Treasurer & Chief Financial Officer
Scotia Securities Inc.

On behalf of the board of directors of Scotia Securities Inc. as
Trustee and Manager of the Funds

By: *"Robert L. Brooks"*
Robert L. Brooks
Director

By: *"Christopher Hodgson"*
Christopher Hodgson
Director

CERTIFICATE OF THE PROMOTER

Scotia T-Bill Fund
Scotia Premium T-Bill Fund
Scotia Money Market Fund
Scotia U.S. $ Money Market Fund (formerly Scotia CanAm U.S. $ Money Market Fund)
Scotia Mortgage Income Fund
Scotia Canadian Income Fund
Scotia Cassels Canadian Bond Fund
Scotia Cassels Short-Mid Government Bond Fund
Scotia Cassels Canadian Corporate Bond Fund
Scotia U.S. $ Bond Fund (formerly Scotia CanAm U.S. $ Income Fund)
Scotia Global Bond Fund (formerly Scotia CanGlobal Income Fund)
Scotia Diversified Monthly Income Fund
Scotia Canadian Balanced Fund
Scotia Cassels Advantaged Income Fund
Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund)
Scotia Canadian Dividend Fund
Scotia Cassels Canadian Equity Fund
Scotia Canadian Blue Chip Fund
Scotia Canadian Growth Fund
Scotia Canadian Small Cap Fund
Scotia Resource Fund
Scotia Cassels North American Equity Fund
Scotia Cassels U.S. Equity Fund
Scotia U.S. Growth Fund (formerly Scotia American Growth Fund)
Scotia U.S. Value Fund (formerly Capital U.S. Large Companies Fund)
Scotia International Value Fund (formerly Capital International Large Companies Fund)
Scotia Cassels International Equity Fund
Scotia European Fund (formerly Scotia European Growth Fund)
Scotia Pacific Rim Fund (formerly Scotia Pacific Rim Growth Fund)
Scotia Latin American Fund (formerly Scotia Latin American Growth Fund)
Scotia Global Growth Fund
Scotia Global Small Cap Fund (formerly Capital Global Small Companies Fund)
Scotia Global Opportunities Fund (formerly Capital Global Discovery Fund)
Scotia Canadian Bond Index Fund
Scotia Canadian Index Fund (formerly Scotia Canadian Stock Index Fund)
Scotia U.S. Index Fund (formerly Scotia American Stock Index Fund)
Scotia CanAm Index Fund (formerly Scotia CanAm Stock Index Fund)
Scotia Nasdaq Index Fund
Scotia International Index Fund (formerly Scotia International Stock Index Fund)
Scotia Selected Income & Modest Growth Portfolio (formerly Scotia Selected Income & Modest Growth Fund)
Scotia Selected Balanced Income & Growth Portfolio (formerly Scotia Selected Balanced Income & Growth Fund)
Scotia Selected Moderate Growth Portfolio (formerly Scotia Selected Conservative Growth Fund)
Scotia Selected Aggressive Growth Portfolio (formerly Scotia Selected Aggressive Growth Fund)
Scotia Partners Income & Modest Growth Portfolio
Scotia Partners Balanced Income & Growth Portfolio
Scotia Partners Moderate Growth Portfolio (formerly Scotia Partners Conservative Growth Portfolio)
Scotia Partners Aggressive Growth Portfolio
Scotia Vision Conservative 2010 Portfolio (formerly Scotia Vision Conservative 2010 Fund)
Scotia Vision Aggressive 2010 Portfolio (formerly Scotia Vision Aggressive 2010 Fund)
Scotia Vision Conservative 2015 Portfolio (formerly Scotia Vision Conservative 2015 Fund)
Scotia Vision Aggressive 2015 Portfolio (formerly Scotia Vision Aggressive 2015 Fund)
Scotia Vision Conservative 2020 Portfolio (formerly Scotia Vision Conservative 2020 Fund)
Scotia Vision Aggressive 2020 Portfolio (formerly Scotia Vision Aggressive 2020 Fund)
Scotia Vision Conservative 2030 Portfolio (formerly Scotia Vision Conservative 2030 Fund)
Scotia Vision Aggressive 2030 Portfolio (formerly Scotia Vision Aggressive 2030 Fund)

(collectively, the "Funds")

This annual information form, the financial statements of the Funds (other than Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund) for the financial period ended December 31, 2006 and the auditors' reports on those financial statements, the statement of net assets for Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund dated October 30, 2007 and the auditors' report thereon

as well as the interim financial statements of the Funds (other than Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund) for the period ended June 30, 2007, 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.

Dated: November 1, 2007

By: *"Robert L. Brooks"*
Robert L. Brooks
Vice Chairman and Group Treasurer

By: *"Christopher Hodgson"*
Christopher Hodgson
Executive Vice President and
Head of Domestic Personal Banking

CERTIFICATE OF THE PRINCIPAL DISTRIBUTOR

Scotia T-Bill Fund
Scotia Premium T-Bill Fund
Scotia Money Market Fund
Scotia U.S. $ Money Market Fund (formerly Scotia CanAm U.S. $ Money Market Fund)
Scotia Mortgage Income Fund
Scotia Canadian Income Fund
Scotia Cassels Canadian Bond Fund
Scotia Cassels Short-Mid Government Bond Fund
Scotia Cassels Canadian Corporate Bond Fund
Scotia U.S. $ Bond Fund (formerly Scotia CanAm U.S. $ Income Fund)
Scotia Global Bond Fund (formerly Scotia CanGlobal Income Fund)
Scotia Diversified Monthly Income Fund
Scotia Canadian Balanced Fund
Scotia Cassels Advantaged Income Fund
Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund)
Scotia Canadian Dividend Fund
Scotia Cassels Canadian Equity Fund
Scotia Canadian Blue Chip Fund
Scotia Canadian Growth Fund
Scotia Canadian Small Cap Fund
Scotia Resource Fund
Scotia Cassels North American Equity Fund
Scotia Cassels U.S. Equity Fund
Scotia U.S. Growth Fund (formerly Scotia American Growth Fund)
Scotia U.S. Value Fund (formerly Capital U.S. Large Companies Fund)
Scotia International Value Fund (formerly Capital International Large Companies Fund)
Scotia Cassels International Equity Fund
Scotia European Fund (formerly Scotia European Growth Fund)
Scotia Pacific Rim Fund (formerly Scotia Pacific Rim Growth Fund)
Scotia Latin American Fund (formerly Scotia Latin American Growth Fund)
Scotia Global Growth Fund
Scotia Global Small Cap Fund (formerly Capital Global Small Companies Fund)
Scotia Global Opportunities Fund (formerly Capital Global Discovery Fund)
Scotia Canadian Bond Index Fund
Scotia Canadian Index Fund (formerly Scotia Canadian Stock Index Fund)
Scotia U.S. Index Fund (formerly Scotia American Stock Index Fund)
Scotia CanAm Index Fund (formerly Scotia CanAm Stock Index Fund)
Scotia Nasdaq Index Fund
Scotia International Index Fund (formerly Scotia International Stock Index Fund)
Scotia Selected Income & Modest Growth Portfolio (formerly Scotia Selected Income & Modest Growth Fund)
Scotia Selected Balanced Income & Growth Portfolio (formerly Scotia Selected Balanced Income & Growth Fund)
Scotia Selected Moderate Growth Portfolio (formerly Scotia Selected Conservative Growth Fund)
Scotia Selected Aggressive Growth Portfolio (formerly Scotia Selected Aggressive Growth Fund)
Scotia Partners Income & Modest Growth Portfolio
Scotia Partners Balanced Income & Growth Portfolio
Scotia Partners Moderate Growth Portfolio (formerly Scotia Partners Conservative Growth Portfolio)
Scotia Partners Aggressive Growth Portfolio
Scotia Vision Conservative 2010 Portfolio (formerly Scotia Vision Conservative 2010 Fund)
Scotia Vision Aggressive 2010 Portfolio (formerly Scotia Vision Aggressive 2010 Fund)
Scotia Vision Conservative 2015 Portfolio (formerly Scotia Vision Conservative 2015 Fund)
Scotia Vision Aggressive 2015 Portfolio (formerly Scotia Vision Aggressive 2015 Fund)
Scotia Vision Conservative 2020 Portfolio (formerly Scotia Vision Conservative 2020 Fund)
Scotia Vision Aggressive 2020 Portfolio (formerly Scotia Vision Aggressive 2020 Fund)
Scotia Vision Conservative 2030 Portfolio (formerly Scotia Vision Conservative 2030 Fund)
Scotia Vision Aggressive 2030 Portfolio (formerly Scotia Vision Aggressive 2030 Fund)

(collectively, the "Funds")

To the best of our knowledge, information and belief, this annual information form, the financial statements of the Funds (other than Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund) for the financial period ended December 31, 2006 and the auditors' reports on those financial statements, the statement of net assets for Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund dated October

30, 2007 and the auditors' report thereon as well as the interim financial statements of the Funds (other than Scotia Cassels Short-Mid Government Bond Fund and Scotia Cassels Advantaged Income Fund) for the period ended June 30, 2007, 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.

Dated: November 1, 2007

Scotia Securities Inc.
as Principal Distributor of the Funds

By: *"Glen B. Gowland"*
Glen B. Gowland
President and Chief Executive Officer

SCOTIA® MUTUAL FUNDS

CASH EQUIVALENT FUNDS

Scotia T-Bill Fund (Class A units)
Scotia Premium T-Bill Fund (Class A units)
Scotia Money Market Fund (Class A, Class I and Scotia Private Client units)
Scotia U.S. $ Money Market Fund (formerly Scotia CanAm U.S. $ Money Market Fund) (Class A units)

INCOME FUNDS

Scotia Mortgage Income Fund (Class A, Class F and Class I units)
Scotia Canadian Income Fund (Class A, Class F, Class I and Scotia Private Client units)
Scotia Cassels Canadian Bond Fund (Scotia Private Client units)
Scotia Cassels Short-Mid Government Bond Fund (Scotia Private Client units)
Scotia Cassels Canadian Corporate Bond Fund (Scotia Private Client units)
Scotia U.S. $ Bond Fund (formerly Scotia CanAm U.S. $ Income Fund) (Class A, Class F and Scotia Private Client units)
Scotia Global Bond Fund (formerly Scotia CanGlobal Income Fund) (Class A, Class F and Class I units)

BALANCED FUNDS

Scotia Diversified Monthly Income Fund (Class A and Class F units)
Scotia Canadian Balanced Fund (Class A and Class F units)
Scotia Cassels Advantaged Income Fund (Scotia Private Client units)
Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund) (Class A and Class F units)

EQUITY FUNDS

Canadian Equity Funds
Scotia Canadian Dividend Fund (Class A, Class F, Class I and Scotia Private Client units)
Scotia Cassels Canadian Equity Fund (Scotia Private Client units)
Scotia Canadian Blue Chip Fund (Class A, Class F and Class I units)
Scotia Canadian Growth Fund (Class A, Class F and Class I units)
Scotia Canadian Small Cap Fund (Class A, Class F, Class I and Scotia Private Client units)
Scotia Resource Fund (Class A and Class F units)

U.S. Equity Funds
Scotia Cassels North American Equity Fund (Scotia Private Client units)
Scotia Cassels U.S. Equity Fund (Scotia Private Client units)
Scotia U.S. Growth Fund (formerly Scotia American Growth Fund) (Class A, Class F and Class I units)
Scotia U.S. Value Fund (formerly Capital U.S. Large Companies Fund) (Class A, Class F and Class I units)

International Equity Funds
Scotia International Value Fund (formerly Capital International Large Companies Fund) (Class A, Class F and Class I units)
Scotia Cassels International Equity Fund (Scotia Private Client units)
Scotia European Fund (formerly Scotia European Growth Fund) (Class A and Class F units)
Scotia Pacific Rim Fund (formerly Scotia Pacific Rim Growth Fund) (Class A, Class F and Class I units)
Scotia Latin American Fund (formerly Scotia Latin American Growth Fund) (Class A, Class F and Class I units)

Global Equity Funds
Scotia Global Growth Fund (Class A, Class F and Class I units)
Scotia Global Small Cap Fund (formerly Capital Global Small Companies Fund) (Class A, Class F and Class I units)
Scotia Global Opportunities Fund (formerly Capital Global Discovery Fund) (Class A, Class F and Class I units)

INDEX FUNDS

Scotia Canadian Bond Index Fund (Class A, Class F and Class I units)
Scotia Canadian Index Fund (formerly Scotia Canadian Stock Index Fund) (Class A, Class F and Class I units)
Scotia U.S. Index Fund (formerly Scotia American Stock Index Fund) (Class A, Class F and Class I units)
Scotia CanAm® Index Fund (formerly Scotia CanAm Stock Index Fund) (Class A and Class F units)
Scotia Nasdaq Index Fund (Class A and Class F units)
Scotia International Index Fund (formerly Scotia International Stock Index Fund) (Class A, Class F and Class I units)

SCOTIA PORTFOLIOS

Scotia Selected® Portfolios
Scotia Selected Income & Modest Growth Portfolio (formerly Scotia Selected Income & Modest Growth Fund) (Class A and Class F units)
Scotia Selected Balanced Income & Growth Portfolio (formerly Scotia Selected Balanced Income & Growth Fund) (Class A and Class F units)
Scotia Selected Moderate Growth Portfolio (formerly Scotia Selected Conservative Growth Fund) (Class A and Class F units)
Scotia Selected Aggressive Growth Portfolio (formerly Scotia Selected Aggressive Growth Fund) (Class A and Class F units)

Scotia Partners Portfolios®
Scotia Partners™ Income & Modest Growth Portfolio (Class A and Class F units)
Scotia Partners Balanced Income & Growth Portfolio (Class A and Class F units)
Scotia Partners Moderate Growth Portfolio (formerly Scotia Partners Conservative Growth Portfolio) (Class A and Class F units)
Scotia Partners Aggressive Growth Portfolio (Class A and Class F units)

Scotia Vision™ Portfolios
Scotia Vision Conservative 2010 Portfolio (formerly Scotia Vision Conservative 2010 Fund) (Class A units)
Scotia Vision Aggressive 2010 Portfolio (formerly Scotia Vision Aggressive 2010 Fund) (Class A units)
Scotia Vision Conservative 2015 Portfolio (formerly Scotia Vision Conservative 2015 Fund) (Class A units)
Scotia Vision Aggressive 2015 Portfolio (formerly Scotia Vision Aggressive 2015 Fund) (Class A units)
Scotia Vision Conservative 2020 Portfolio (formerly Scotia Vision Conservative 2020 Fund) (Class A units)
Scotia Vision Aggressive 2020 Portfolio (formerly Scotia Vision Aggressive 2020 Fund) (Class A units)
Scotia Vision Conservative 2030 Portfolio (formerly Scotia Vision Conservative 2030 Fund) (Class A units)
Scotia Vision Aggressive 2030 Portfolio (formerly Scotia Vision Aggressive 2030 Fund) (Class A units)

Managed by:
Scotia Securities Inc.
16th Floor
40 King Street West
Toronto, Ontario
M5H 1H1

www.scotiabank.com
1.800.268.9269
info@scotiabank.com

Additional information about the Funds is available in the Funds' financial statements and management reports of fund performance.

You can get a copy of the Funds' financial statements and management reports of fund performance free of charge by calling 1-800-268-9269 (416-750-3863 in Toronto) for English or 1-800-387-5004 for French, or from your registered representative or on the internet at www.scotiabank.com.

These documents and other information about the Funds, such as information circulars and material contracts, are also available at www.sedar.com.

®Registered trademarks of BNS. Scotia Securities Inc. is an authorized user of the trademarks.
™Trademarks of BNS. Scotia Securities Inc. is an authorized user of the trademarks.

Scotia Securities Inc. and Scotia Capital Inc. are corporate entities separate from, although wholly-owned by, BNS. ScotiaMcLeod and ScotiaMcLeod Direct Investing are divisions of Scotia Capital Inc. Member CIPF.