Scotia Asset Management™

Scotia Private High Yield Income Pool

(formerly Pinnacle High Yield Income Fund)

Annual Management Report of Fund Performance

For the period ended December 31, 2011

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the fund. You can get a copy of the annual financial statements at your request, and at no cost, by asking your ScotiaMcLeod advisor or by calling toll-free 1 800 268-9269. You can also write to us at Scotia Asset Management, Scotia Plaza, 52nd Floor, 40 King Street West, Toronto, Ontario M5H 1H1, or download from www.scotiabank.com/scotiaprivatepools or www.sedar.com.

You may also contact us using one of these methods to request a copy of the fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

In this document, we, us, our and the Manager refers to Scotia Asset Management L.P., and fund refers to the Scotia Private High Yield Income Pool.

This report may contain forward-looking statements about the fund. Such statements are predictive in nature and depend upon or refer to future events or conditions and may include such words as "expects", "plans", "anticipates", "believes", "estimates" or other similar expressions. In addition, any statement regarding future performance, strategies, prospects, action or plans is also a forward-looking statement. Forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, performance, events, activity and achievements to differ materially from those expressed or implied by such statements. Such factors include general economic, political and market conditions, interest and foreign exchange rates, regulatory or judicial proceedings, technological change, and catastrophic events. You should consider these and other factors carefully before making any investment decisions and before relying on forward-looking statements. We have no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

Management Discussion of Fund Performance

Investment Objectives and Strategies

The fund's objective is to achieve long-term returns and to provide income as well as capital growth by investing primarily in high yield, lower rated Canadian corporate bonds, preferred shares and short-term money market securities. The fund's investments will have an average duration of 7 years and an average credit rating of single B.

Risk

The overall risks of investing in the fund remain as discussed in its simplified prospectus. The fund remains suitable for investors who want a high level of regular interest income, who can accept medium risk, and who are investing for the medium to long term.

Results of Operations

Over the review period, the fund's Pinnacle Series units returned 4.77% compared to a 4.80% return for the Merrill Lynch High Yield CDN dollar and U.S. Dollar Canadian Issuers Index (Unhedged), and a 9.68% return for the DEX Universe Bond Index. In contrast to the indices, the fund's return is after the deduction of the expenses paid by the fund. Any difference between the performance of Pinnacle Series units and other series of the fund is the result of the different management fees charged to, and operating expenses recovered from, each series. Please see the "Past Performance" section for the performance returns of the fund's other series.

Over the review period, financial markets experienced heightened volatility as a result of the European sovereign debt crisis and the sluggish U.S. economy. Despite financial market volatility, credit fundamentals – including default rates, earnings, and balance sheet leverage – continued to improve over 2011.

The Canadian dollar weakened by approximately 5.7% relative to the U.S. dollar over the latter half of the period, finishing the year approximately 2.3% lower than at the beginning of the period. The number of new high yield debt issues in 2011 was second only to 2010, a record-breaking year for new issues. Investment flows did set a record, however, as retail mutual fund investors, hedge funds, and pension funds moved large portions of assets into high-yield bonds.

The fund's positioning in higher-quality, defensive assets contributed to fund performance over the period, as it limited the impact of the market correction that occurred in the latter half of 2011. Furthermore, as spreads widened over the period, the portfolio advisor purchased bonds at relatively lower prices (with higher yields), which contributed to the fund's performance during the high yield rally that occurred near year-end.

At the end of the review period, the fund was earning a yield of over 8%.

Over the review period, the fund experienced net sales of $52,812,517.

Recent Developments

Effective November 24, 2011, the designation of the units of the fund has been changed from 'class' to 'series'; namely, Class A became Pinnacle Series, Class F became Series F, Class I became Series I, and Manager Class became Series M.

Over the review period, the portfolio advisor reduced the fund's position in issues with relatively higher interest rate risk and lower yields. Fund holdings that were either reduced or liquidated during the period included Sobeys Inc., Molson-Coors Canada Inc., Groupe Aeroplan Inc., Canadian Tire Corp., and El Paso Corporation. Fund holdings that were either added to or purchased over the period included Sherritt International Corp., Kruger Products Limited, and Taseko Mines Limited.

Over the period, the portfolio advisor reduced the fund's currency hedges, which helped minimize the impact of the weakening Canadian dollar relative to the U.S. dollar. By the end of the period, the fund's currency hedges were reduced to zero (with about half of the fund's assets invested in U.S.-dollar denominated issues).

Looking ahead to 2012, the portfolio advisor believes a challenging economic environment, coupled with ongoing European sovereign debt issues, will likely force monetary authorities around the world to maintain interest rates at their historically low levels. Furthermore, the portfolio advisor believes an escalation of Europe's sovereign debt problems or a sustained downturn in U.S. economic growth will likely result in the U.S. Federal Reserve Board starting another round of monetary easing, which would further support a near-zero interest rate environment.

From a corporate credit standpoint, the portfolio advisor believes healthy earnings, deleveraged balance sheets, banks that are willing to lend, and lower-than-average maturities will help keep default rates low in the coming year. For high yield investors, the portfolio advisor believes this low interest rate, low default rate, moderate growth rate environment is extremely favourable and has historically produced above-average returns.

The portfolio advisor believes company fundamentals are strong and valuations are attractive, and plans to keep the fund fully invested through early 2012, which will allow the portfolio to maximize cash flow. The portfolio advisor believes any volatility-induced spread widening that is triggered by European sovereign debt concerns or other macroeconomic events would present an attractive buying opportunity for high yield bonds.

The portfolio advisor favours energy companies and related issuers, because the portfolio advisor believes valuations are attractive, and cash flow and asset values remain strong. The portfolio advisor has minimized the fund's exposure to Europe, as well as most financials companies (Fairfax Financial Holding Limited being a significant exception and a core fund holding). The portfolio advisor believes the fund remains well diversified by industry, issuer and credit rating.

Future Accounting Changes

Effective January 1, 2011, International Financial Reporting Standards ("IFRS") replaced Canadian standards and interpretations as Canadian GAAP for publicly accountable enterprises, which include the Fund. However, on December 12, 2011, the Canadian Accounting Standards Board ("AcSB") decided to allow Investment Companies to extend by one year the deferral of the mandatory adoption of IFRS until the International Accounting Standards Board ("IASB") finalize the guidance on investment entities. Entities currently applying Accounting Guideline 18, "Investment Companies" can continue to apply existing Canadian standards in Part V of the CICA Handbook – Accounting until fiscal years beginning on or after January 1, 2014. In light of this decision, the Manager will defer the first-time adoption of IFRS until fiscal year beginning on or after January 1, 2014.

The Manager has commenced the development of a changeover plan to meet the implementation date. The key elements of the plan include identifying differences between the Fund's current accounting policies and those the Fund expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on the Net Assets or Net Asset Value of the Fund.

On August 25, 2011, the IASB issued an exposure draft proposing that investment entities will be exempted from consolidating their controlled investments under IFRS 10. The Fund is expected to meet the definitions under the proposed criteria to qualify as investment entities and would measure all controlled investments at fair value with changes in fair value recognized through profit or loss. In light of this exposure draft, the major qualitative impacts noted as of December 31, 2011 would be the addition of a statement of cash flows, the impact of classification of puttable instruments, the impact of reporting future income tax assets or liabilities when applicable, and additional note disclosures.

The Manager has presently determined that there will be no quantitative impact on the Net Asset Value per Unit of each Fund Series resulting from the changeover to IFRS. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

Related Party Transactions

We are the trustee and manager of the fund. The fund pays us a management fee, which may vary for each series of units of the fund. The Bank of Nova Scotia ("Scotiabank"), the parent company of the Manager, earns fees for providing custodial services, including safekeeping and administrative services and unitholder record-keeping services to the fund.

Our affiliates may earn fees and spreads in connection with various services provided to, or transactions with, the fund, such as banking, brokerage, securities lending, foreign exchange and derivatives transactions. We, or our affiliates, may earn a foreign exchange spread when unitholders switch between units of funds denominated in different currencies. The fund also maintains bank accounts and over-draft provisions with Scotiabank for which Scotiabank may earn a fee.

For certain series of units of the fund, Scotia Capital Inc. ("SCI"), a wholly-owned subsidiary of Scotiabank, is the principal distributor for which it is paid a trailer commission by

SAM. Units of the funds are also distributed through brokers and dealers, including SCI. SCI, like other dealers, is paid a trailer commission by SAM for distributing certain series of units of the fund. Trailer commissions are paid by SAM out of the management fees it receives from the fund and are based on the average value of assets held by each dealer.

SAM has established an independent review committee ("IRC") which acts as an impartial and independent committee to review and provide recommendations or, in certain cases, approvals respecting any conflict of interest matters referred to it by SAM. The IRC prepares, at least annually, a report of its activities to unitholders of the fund. The report is available on the Scotia Private Pools website at www.scotiabank.com/scotiaprivatepools or at the unitholder's request at no cost by contacting SAM (see front page).

SAM and the fund relied on standing instructions from the IRC in respect of one or more of the following types of transactions:

- Investing in or holding securities of related issuer, including Scotiabank;
- Trades in securities with SCI or parties related to the manager or the portfolio advisor, where SCI or such related parties act as principal;
- Investing in securities of an issuer during, or for 60 days after, the period in which SCI, or a related entity to the portfolio advisor, acted as an underwriter in the offering of those securities; and
- Purchases or sales of securities from or to another investment fund managed by us (referred to as "Inter fund Trading").

The applicable standing instructions require that investment decisions relating to the above types of transactions (i) are made free from any influence by us or any entity related to us and without taking in account any considerations relevant to us or any entity related to us; (ii) represent the business judgment of the portfolio advisor uninfluenced by any consideration other than the best interests of the funds; (iii) are in compliance with our policies; and (iv) achieve a fair and reasonable result for the fund.

From time to time, the fund may enter into portfolio securities transactions with SCI or other dealers in whom Scotiabank has a significant interest (the "Related Dealers"). These Related Dealers may earn commissions or spreads provided that such trades are made on terms and conditions that are comparable to non-related brokers or dealers.

Financial Highlights

The following tables show selected key financial information about the fund and are intended to help you understand the fund's financial performance for the past five years ended December 31, as applicable.

The Fund's Net Assets per Unit(1)

Pinnacle Series Units

		2011	2010	2009	2008	2007
Net Assets, beginning of year	$	9.06	8.60	7.12	8.96	10.09
Increase (decrease) from operations:						
Total revenue	$	0.60	0.60	0.55	0.69	0.67
Total expenses	$	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)
Realized gains (losses) for the period	$	(0.08)	(0.16)	(0.31)	(0.56)	(0.03)
Unrealized gains (losses) for the period	$	(0.06)	0.66	1.80	(1.34)	(1.12)
Total increase (decrease) from operations(2)	$	0.45	1.09	2.03	(1.22)	(0.50)
Distributions:						
From net investment income (excluding dividends)	$	(0.56)	(0.60)	(0.54)	(0.69)	(0.66)
From dividends	$	–	–	–	–	–
From capital gains	$	–	–	–	–	(0.02)
Return of capital	$	–	–	–	–	–
Total Annual Distributions(3)	$	(0.56)	(0.60)	(0.54)	(0.69)	(0.68)
Net Assets at December 31st of year shown(4)	$	8.94	9.06	8.60	7.12	8.96

Series F Units

		2011	2010	2009*	2008	2007
Net Assets, beginning of year	$	9.44	8.91	7.17	–	–
Increase (decrease) from operations:						
Total revenue	$	0.63	0.63	0.49	–	–
Total expenses	$	(0.09)	(0.09)	(0.07)	–	–
Realized gains (losses) for the period	$	(0.08)	(0.09)	0.33	–	–
Unrealized gains (losses) for the period	$	(0.08)	0.55	1.23	–	–
Total increase (decrease) from operations(2)	$	0.38	1.00	1.98	–	–
Distributions:						
From net investment income (excluding dividends)	$	(0.51)	(0.51)	(0.24)	–	–
From dividends	$	–	–	–	–	–
From capital gains	$	–	–	–	–	–
Return of capital	$	–	–	–	–	–
Total Annual Distributions(3)	$	(0.51)	(0.51)	(0.24)	–	–
Net Assets at December 31st of year shown(4)	$	9.29	9.44	8.91	–	–

* The start date for Series F Units was February 17.

Series I Units

		2011	2010*	2009	2008	2007
Net Assets, beginning of year	$	9.09	9.12	–	–	–
Increase (decrease) from operations:						
Total revenue	$	0.61	0.14	–	–	–
Total expenses	$	(0.01)	–	–	–	–
Realized gains (losses) for the period	$	(0.08)	0.05	–	–	–
Unrealized gains (losses) for the period	$	(0.06)	(0.10)	–	–	–
Total increase (decrease) from operations(2)	$	0.46	0.09	–	–	–
Distributions:						
From net investment income (excluding dividends)	$	(0.57)	(0.11)	–	–	–
From dividends	$	–	–	–	–	–
From capital gains	$	–	–	–	–	–
Return of capital	$	–	–	–	–	–
Total Annual Distributions(3)	$	(0.57)	(0.11)	–	–	–
Net Assets at December 31st of year shown(4)	$	8.97	9.09	–	–	–

* The start date for Series I Units was October 12.

Series M Units

		2011	2010*	2009	2008	2007
Net Assets, beginning of year	$	9.13	9.07	–	–	–
Increase (decrease) from operations:						
Total revenue	$	0.57	0.16	–	–	–
Total expenses	$	(0.04)	(0.01)	–	–	–
Realized gains (losses) for the period	$	(0.07)	0.04	–	–	–
Unrealized gains (losses) for the period	$	(0.21)	(0.12)	–	–	–
Total increase (decrease) from operations(2)	$	0.25	0.07	–	–	–
Distributions:						
From net investment income (excluding dividends)	$	(0.55)	(0.07)	–	–	–
From dividends	$	–	–	–	–	–
From capital gains	$	–	–	–	–	–
Return of capital	$	–	–	–	–	–
Total Annual Distributions(3)	$	(0.55)	(0.07)	–	–	–
Net Assets at December 31st of year shown(4)	$	9.00	9.13	–	–	–

* The start date for Series M Units was October 5.

(1) This information is derived from the fund's audited annual financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. This difference is due to the requirements of generally accepted accounting principles ("GAAP"), including CICA Handbook Section 3855, and may result in a different valuation of securities held by the fund in accordance with GAAP than the market value used to determine net asset value of the fund for the purchase, switch and redemption of the fund's units ("Pricing NAV"). The Pricing NAV per unit at the end of the period is disclosed in Ratios and Supplemental Data.
(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
(3) Distributions were paid in cash/reinvested in additional units of the fund, or both.
(4) The net assets per unit at period end is not a cumulative amount but, rather, the value of the fund's units, in accordance with GAAP, as at the fund's period end.

Ratios and Supplemental Data

Pinnacle Series Units

		2011	2010	2009	2008	2007
Total net asset value (000's)(1)	$	125,246	132,066	151,182	108,786	151,568
Number of units outstanding (000's)(1)		13,972	14,522	17,524	15,162	16,862
Management expense ratio(2)	%	0.14	0.14	0.16	0.15	0.15
Management expense ratio before waivers or absorptions(2)	%	0.14	0.14	0.16	0.15	0.15
Trading expense ratio(3)	%	–	–	–	–	–
Portfolio turnover rate(4)	%	34.72	57.65	44.13	37.46	33.04
Net asset value per unit	$	8.96	9.09	8.63	7.17	8.99

Series F Units

		2011	2010	2009	2008	2007
Total net asset value (000's)(1)	$	6,048	5,931	3,744	–	–
Number of units outstanding (000's)(1)		650	626	419	–	–
Management expense ratio(2)	%	0.95	0.93	0.90	–	–
Management expense ratio before waivers or absorptions(2)	%	0.98	0.97	0.94	–	–
Trading expense ratio(3)	%	–	–	–	–	–
Portfolio turnover rate(4)	%	34.72	57.65	44.13	–	–
Net asset value per unit	$	9.31	9.47	8.94	–	–

Series I Units

		2011	2010	2009	2008	2007
Total net asset value (000's)(1)	$	9,134	10,264	–	–	–
Number of units outstanding (000's)(1)		1,016	1,125	–	–	–
Management expense ratio(2)	%	0.10	0.16	–	–	–
Management expense ratio before waivers or absorptions(2)	%	0.10	0.16	–	–	–
Trading expense ratio(3)	%	–	–	–	–	–
Portfolio turnover rate(4)	%	34.72	57.65	–	–	–
Net asset value per unit	$	8.99	9.13	–	–	–

Series M Units

		2011	2010	2009	2008	2007
Total net asset value (000's)(1)	$	58,974	1,846	–	–	–
Number of units outstanding (000's)(1)		6,538	201	–	–	–
Management expense ratio(2)	%	0.39	0.45	–	–	–
Management expense ratio before waivers or absorptions(2)	%	0.39	1.23	–	–	–
Trading expense ratio(3)	%	–	–	–	–	–
Portfolio turnover rate(4)	%	34.72	57.65	–	–	–
Net asset value per unit	$	9.02	9.16	–	–	–

(1) This information is provided at December 31st of the year shown.
(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.
(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value during the period.
(4) The fund's portfolio turnover rate indicates how actively the fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Management Fees

The management fee for each series is calculated as a percentage of its daily net asset value and is accrued daily. The management fees cover the costs of managing the fund, allows us to make brokerage arrangements for the purchase and sale of the fund's portfolio securities and to provide or arrange to provide other services.

No management fees are charged to the Pinnacle Series units. Each unitholder pays, on a quarterly basis, a negotiated asset based fee for all services offered as part of the Pinnacle Program. These services include general management of the fund, portfolio advisory and distribution services, and investment management consulting services. We pay up to 72% of the fee paid by each unitholder for distribution related services provided by dealers. At least 28% of the fee paid by each unitholder is attributable to the costs of investment management, administration and profit.

No management fees are charged to the Series I units.

The breakdown of services received in consideration of management fees for each series, as a percentage of the management fees, are as follows:

	Maximum Management Fees (%)	Breakdown of services	
		Dealer Compensation (%)	Other* (%)
Series F	0.75	–	100
Series M	0.30	–	100

* Includes all costs related to management, trustee, investment advisory services, general administration and profit.

Past Performance

The performance shown assumes that all distributions made by the fund in the periods shown were reinvested in additional units of the fund. If you hold units of the fund outside of a registered plan, you will be taxed on these distributions.

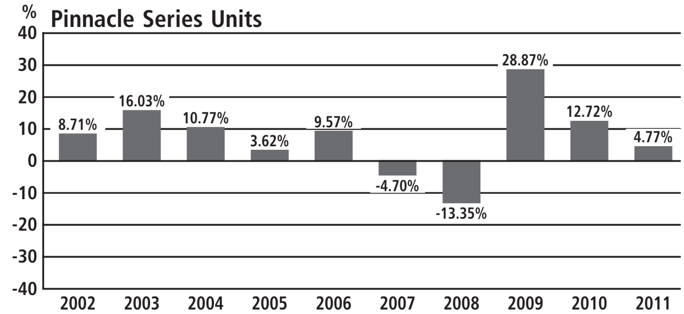
The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns.

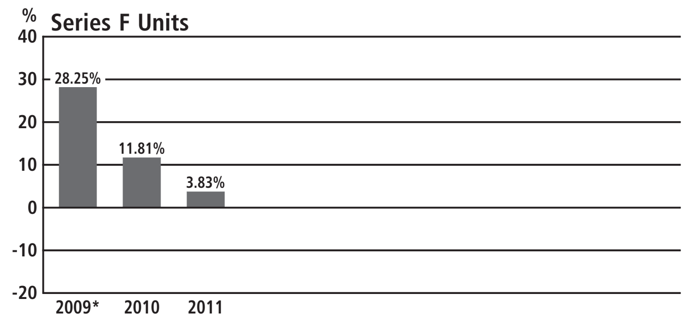
How the fund has performed in the past does not necessarily indicate how it will perform in the future.

All rates of return are calculated based on Pricing NAV and are in Canadian dollars unless stated otherwise.

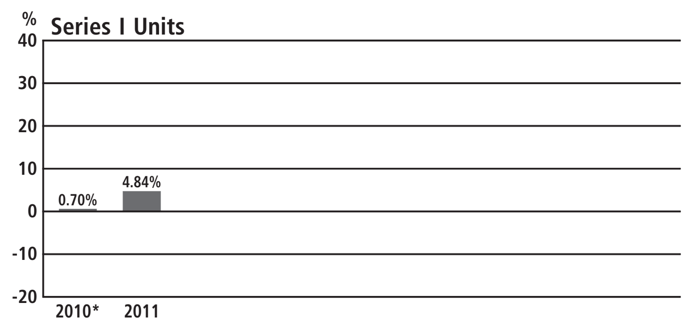
Year-by-Year Returns

This chart shows the fund's annual performance, which changes from year to year. It shows in percentage terms how much an investment held on January 1, or held commencing from start of Series in each year, would have increased or decreased by December 31 of that year.

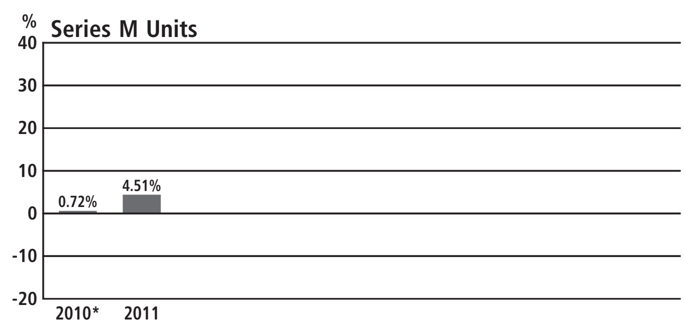




* Feb. 17 – Dec. 31



* Oct. 12 – Dec. 31



* Oct. 5 – Dec. 31

Annual Compound Returns

This table shows the fund's annual compound returns compared to the following benchmarks for the periods shown ending December 31, 2011.

		1 year	3 year	5 year	10 year	Since Inception[1]
Pinnacle Series Units	%	4.77	15.03	4.68	7.15	–
Merrill Lynch CAD and USD High Yield CDN Issuers Index (unhedged)	%	4.80	13.64	9.72	8.36	–
DEX Universe Bond Index	%	9.68	7.27	6.36	6.48	–
Series F Units	%	3.83	–	–	–	15.37
Merrill Lynch CAD and USD High Yield CDN Issuers Index (unhedged)		4.80	–	–	–	15.44
DEX Universe Bond Index	%	9.68	–	–	–	7.81
Series I Units	%	4.84	–	–	–	3.66
Merrill Lynch CAD and USD High Yield CDN Issuers Index (unhedged)	%	4.80	–	–	–	3.49
DEX Universe Bond Index	%	9.68	–	–	–	8.65
Series M Units	%	4.51	–	–	–	4.49
Merrill Lynch CAD and USD High Yield CDN Issuers Index (unhedged)	%	4.80	–	–	–	3.49
DEX Universe Bond Index	%	9.68	–	–	–	8.65

1 Inception Dates: Series F Units Feb. 17, 2009, Series I Nov. 1, 2010, Series M Units Nov. 1, 2010 – Dec. 31, 2010

- New Benchmark – Merill Lynch CAD and USD High Yield Canadian Issuers Index (unhedged).
- Old Benchmark – 80% DEX Mid Term Universe Index, 20% DEX BBB Universe Index.
- General Market Benchmark – DEX Universe Bond Index.

The new benchmark was adopted as it better reflects the nature of investments held in the fund.

The Merrill Lynch High Yield CDN dollar and US dollar Canadian Issuers Index (Unhedged) tracks the performance of US dollar and CDN dollar denominated investment grade corporate debt publicly issued by Canadian issuers in the Canadian or US domestic markets. Qualifying securities must have a below investment grade rating (based on a composite of Moody's, S&P and Fitch), the country of risk must be in Canada, have at least one year to maturity, a fixed coupon schedule and have an outstanding par value of at least USD $100 million or CDN $100 million.

The DEX Universe Bond Index is a broad measure of the total return of Canadian bonds that mature in more than one year. It includes approximately 900 Canadian federal, provincial, municipal and corporate bonds rated BBB or higher.

Please see the "Results of Operations" section for a discussion of the fund's performance relative to the blended index.

Summary of Investment Portfolio
(as at December 31, 2011)

This is a breakdown of the fund's investments and a list of up to 25 of its largest holdings. The holdings will change as the portfolio advisor buys and sells securities. You can obtain a list of portfolio holdings on a quarterly basis by contacting your ScotiaMcLeod advisor, by calling toll-free 1 800 268-9269, or by visiting www.scotiabank.com/scotiaprivatepools.

Asset Mix(1)

	% of net asset value(2)
Corporate Bonds	86.0
Canadian Equities	0.1

(1) 13.9% of the Pool's assets are held in Cash, Other Assets and Liabilities.
(2) Base on Pricing NAV.

Top Holdings

Issuer	% of net asset value(1)
Cash and cash equivalents	7.4
Trident Exploration Corp. (callable) 8.25% due Apr. 13, 2018-(2015)	6.9
Millar Western Forest Products Ltd. (callable) 8.50% due Apr. 1, 2021-(2016)	6.7
Nextel Communications, Inc. (callable) 7.38% due Aug. 1, 2015-(2011)	5.3
Garda World Security Corp. (callable) 9.75% due Mar. 15, 2017-(2014)	3.4
Freeport-McMoRan Copper & Gold Inc. (callable) 8.38% due Apr. 1, 2017-(2012)	3.1
North American Energy Partners Inc. (callable) 9.13% due Apr. 7, 2017-(2013)	2.9
Trinidad Drilling Ltd. (callable) 7.88% due Jan. 15, 2019-(2015)	2.7
Paramount Resources Ltd. (callable) 8.25% due Dec. 13, 2017-(2013)	2.6
Sherritt International Corporation 8.00% due Nov. 15, 2017	2.5
Kruger Products LP 8.00% due Aug. 9, 2018	2.5
Savanna Energy Services Corp. (callable) 7.00% due May 25, 2018-(2014)	2.4
Data & Audio-Visual Enterprises Holdings Inc. (callable) 9.50% due Apr. 29, 2018-(2014)	2.3
Precision Drilling Corporation 6.50% due Mar. 15, 2015	2.2
Fairfax Financial Holdings Limited 7.38% due Apr. 15, 2018	2.1
Iron Mountain Incorporated (callable) 7.50% due Mar. 15, 2017-(2012)	2.0
Connacher Oil & Gas Limited (callable) 8.75% due Aug. 1, 2018-(2015)	1.8
Fairfax Financial Holdings Limited 6.40% due May 25, 2021	1.8
Cott Beverages Inc. (callable) 8.13% due Sep. 9, 2018-(2014)	1.7
Canadian Tire Corporation, Limited 5.61% due Sep. 4, 2035	1.6
Miramax LLC, Class B 10.00% due Apr. 20, 2017	1.6
Black Press Group Ltd. 10.00% due Feb. 4, 2014	1.5
DISH DBS Corporation 7.75% due May 31, 2015	1.5
Corrections Corporation of America (callable) 7.75% due Jun. 1, 2017-(2013)	1.3
Leucadia National Corporation (callable) 7.13% due Mar. 15, 2017-(2012)	1.2
Total Net Asset Value (000's)	$199,402

(1) Based on Pricing NAV.

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