

ScotiaFunds®

Annual Report

December 31, 2014

Cash Equivalent Funds

Scotia T-Bill Fund
Scotia Premium T-Bill Fund
Scotia Money Market Fund
Scotia U.S. \$ Money Market Fund

Income Funds

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Scotia Private Short-Mid Government Bond Pool
Scotia Mortgage Income Fund
Scotia Floating Rate Income Fund
Scotia Conservative Income Fund
Scotia Bond Fund
Scotia Canadian Income Fund
Scotia Private Canadian Corporate Bond Pool
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Scotia Portfolios

Scotia Selected® Portfolios

Scotia Selected Income Portfolio
Scotia Selected Balanced Income Portfolio
Scotia Selected Balanced Growth Portfolio
Scotia Selected Growth Portfolio
Scotia Selected Maximum Growth Portfolio

Scotia Partners Portfolios®

Scotia Partners Income Portfolio
Scotia Partners Balanced Income Portfolio
Scotia Partners Balanced Growth Portfolio
Scotia Partners Growth Portfolio
Scotia Partners Maximum Growth Portfolio

Scotia INNOVA Portfolios®

Scotia INNOVA Income Portfolio
Scotia INNOVA Balanced Income Portfolio
Scotia INNOVA Balanced Growth Portfolio
Scotia INNOVA Growth Portfolio
Scotia INNOVA Maximum Growth Portfolio

Scotia Aria™ Portfolios

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Global Economic Outlook

Aron Gampel

Vice-President and Deputy Chief Economist
Scotiabank

Priming the Pump For Increased Global Growth

The transition to a stronger growth environment internationally is still proving elusive, with the pace of global activity likely to be little changed on average in 2015. Even so, there are a number of reasons why we believe that momentum will build as the year progresses, with broader economic gains expected next year.

First, the U.S. economy is on the cusp of stronger and more sustainable activity. A self-reinforcing cycle is underway, with increased consumer spending reinforced by rising employment and considerable pent-up demand, business expenditures underpinned by large backlogs of capital goods orders, especially in the large transportation sector, and reduced fiscal restraint adding to the renewed momentum. A more vigorous rebound in housing-related activity, supported by the reduced debt loads of American households and more buoyant confidence, would put the U.S. economy onto an even stronger growth trajectory. Nonetheless, a double-digit decline in capital spending in the oil & gas sector — roughly 11% of total business investment — will drag on the overall improvement.

Second, the sharp and sustained slide in the price of crude oil is providing consumers internationally with a massive tax cut. Sales of large motor vehicles (e.g., SUVs) are rising in the U.S. and China. Businesses benefit from the sharp reduction in the price of a key input cost as it ripples through supply chains. Oil-importing countries internationally, and especially the large energy-intensive countries such as China, Indonesia, Thailand, as well as the U.S., will benefit disproportionately. The IMF estimates that global growth could get as much as a 0.5 percentage point boost if the price of oil stays around US\$50/bbl. However, the extent of the benefit could be less due to the wide variance by countries in the pass-through to consumers attributable to differences in taxation, and the potential for the improvement in cash flows to be saved or used to pay down debt.

Third, inflation and borrowing costs have continued to decline around the world, outside of

countries with structurally weak economies where rate hikes have been needed to restrain rising inflation, arrest capital outflows, and stabilize currencies. Inflationary pressures were already being smothered by the less-than-robust economic conditions internationally. Even in the U.S. where employment conditions have improved measurably, the lack of appreciable wage gains combined with a stronger U.S. dollar have helped to keep a lid on underlying inflation trends. More fundamentally, disinflation trends are being magnified by the significant retreat in oil prices. Deflationary conditions are a threat in the euro zone, and again in Japan.

In a world short on aggregate demand, monetary policy continues to shoulder much of the burden of economic support. An increasing number of countries have eased policy, with rate cuts in Australia, China, India, Turkey, Denmark, Norway, and Canada, for example, augmented by the significant ramping up of the central bank balance sheets in the euro zone and Japan in a bid to strengthen growth and lift inflation. The U.K. has signalled a longer period of interest rate stability. On the other hand, the U.S. is poised to begin its long-awaited tightening, potentially around mid-year at the earliest. Strengthening U.S. growth, supported by declining unemployment, is providing the Fed with opportunity to gradually firm policy and normalize abnormally low borrowing costs.

Fourth, currencies have become an integral part of the adjustment process. Many exchange rates have weakened against the U.S. dollar — a reflection of the United States' comparatively stronger growth performance, the divergence in respective monetary policies, and the U.S. 'safe haven' status in uncertain times — and will likely continue to do so and help resuscitate export earnings. Persistent U.S. dollar strength has the potential to accentuate capital outflows from emerging market economies, adding to financial market volatility as well as regional weakness.

And fifth, there will be increasing pressure on governments which are financially capable to expand infrastructure investments and help bolster the collective weakness in demand internationally.

Scotia T-Bill Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$61,439,724	\$76,022,969	\$93,876,369
Cash	23,421	76,768	15,756
Accrued investment income	1,684	2,258	2,839
	<u>61,464,829</u>	<u>76,101,995</u>	<u>93,894,964</u>
LIABILITIES			
Current liabilities			
Distributions payable	157	177	188
Net Assets attributable to holders of redeemable units	<u>\$61,464,672</u>	<u>\$76,101,818</u>	<u>\$93,894,776</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$61,464,672</u>	<u>\$76,101,818</u>	<u>\$93,894,776</u>
UNITS OUTSTANDING			
Series A Units	<u>6,146,467</u>	<u>7,610,182</u>	<u>9,389,478</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 10.00</u>	<u>\$ 10.00</u>	<u>\$ 10.00</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 711,751	\$ 928,780
Net gain (loss) on investments	711,751	928,780
Securities lending	7,904	24,435
Total income (loss)	<u>719,655</u>	<u>953,215</u>
EXPENSES		
Management fees (note 5)	680,793	853,926
Harmonized Sales Tax/Goods and Services Tax	61,719	84,122
Audit fees	2,221	2,734
Independent Review Committee fees	193	163
Custodian fees	1,995	2,201
Filing fees	19,636	19,184
Legal fees	411	457
Unitholder reporting costs	21,607	22,345
Unitholder administration and service fees	106,585	130,387
Total expenses	895,160	1,115,519
Absorbed expenses	(379,476)	(417,582)
Net expenses	<u>515,684</u>	<u>697,937</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 203,971</u>	<u>\$ 255,278</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$ 203,971</u>	<u>\$ 255,278</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 0.03</u>	<u>\$ 0.03</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	6,807,943	8,539,318

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	<u>\$ 76,101,818</u>	<u>\$ 93,894,776</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	<u>203,971</u>	<u>255,278</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	<u>(203,973)</u>	<u>(255,278)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	12,986,936	16,906,687
Reinvested distributions		
Series A Units	202,267	253,386
Payments on redemption		
Series A Units	<u>(27,826,347)</u>	<u>(34,953,031)</u>
	<u>(14,637,144)</u>	<u>(17,792,958)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	<u>(14,637,146)</u>	<u>(17,792,958)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$ 61,464,672</u>	<u>\$ 76,101,818</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 203,971	\$ 255,278
Adjustments For:		
Purchases of non-derivative financial assets	(190,842,296)	(235,412,480)
Proceeds from sale of non-derivative financial assets	205,425,541	253,265,880
Accrued investment income	574	581
Net cash provided by (used in) operating activities	<u>14,787,790</u>	<u>18,109,259</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	12,986,936	16,906,687
Amounts paid on redemption of redeemable units	(27,826,347)	(34,953,032)
Distributions to unitholders of redeemable units	(1,726)	(1,902)
Net cash provided by (used in) financing activities	<u>(14,841,137)</u>	<u>(18,048,247)</u>
Net increase (decrease) in cash	(53,347)	61,012
Cash (Bank Indebtedness) at beginning of period	76,768	15,756
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 23,421</u>	<u>\$ 76,768</u>
Interest received(1)	712,325	929,361

(1) Classified as operating items.

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

Scotia T-Bill Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
MONEY MARKET INSTRUMENTS – 99.9%			
Treasury Bills – 57.7%			
	Government of Canada		
5,275,000	0.00% due Jan. 29, 2015	5,269,672	5,271,448
10,250,000	0.00% due Feb. 12, 2015	10,225,708	10,239,482
10,870,000	0.00% due Feb. 26, 2015	10,847,823	10,855,217
7,145,000	0.00% due Mar. 12, 2015	7,114,852	7,132,434
775,000	0.00% due Oct. 22, 2015	767,576	769,003
	Province of Ontario		
825,000	0.00% due Apr. 29, 2015	816,379	822,150
370,000	0.00% due May 6, 2015	366,093	368,658
		<u>35,408,103</u>	<u>35,458,392</u>
Promissory Notes – 2.3%			
	Province of British Columbia		
1,400,000	0.00% due Jun. 18, 2015	1,389,332	1,393,159
Short-Term Bonds – 39.9%			
	Financement Quebec (Floating Rate)		
2,000,000	1.40% due Mar. 10, 2015	2,000,773	2,002,378
2,000,000	4.25% due Dec. 1, 2015	2,057,604	2,064,609
	Government of Canada (Floating Rate)		
9,900,000	1.41% due Sep. 15, 2015	9,923,352	9,929,556
	Hydro-Quebec (Floating Rate)		
4,000,000	1.39% due Feb. 11, 2015	4,000,693	4,008,304
	Ontario Hydro Corp Coupon Strip (Floating Rate)		
600,000	0.00% due May 3, 2015	349,456	349,456
	Province of Ontario (Floating Rate)		
350,000	0.00% due Feb. 18, 2015	597,851	597,851
1,035,000	1.91% due Jun. 24, 2016	1,046,452	1,046,832
4,565,000	1.43% due Sep. 14, 2016	4,586,467	4,589,187
		<u>24,562,648</u>	<u>24,588,173</u>
	TOTAL INVESTMENT PORTFOLIO	<u>61,360,083</u>	61,439,724
	OTHER ASSETS, LESS LIABILITIES – 0.1%		<u>24,948</u>
	NET ASSETS – 100.0%		<u>61,464,672</u>

Instruments with a 0.00% stated interest rate are purchased at a discount to face value. The discount represents the implied effective interest.

Scotia T-Bill Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in Government of Canada treasury bills and other short-term debt instruments guaranteed by the Government of Canada.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Money Market Instruments*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$61,439,724	\$76,022,969	\$93,876,369
1-3 years	—	—	—
3-5 years	—	—	—
5-10 years	—	—	—
> 10 years	—	—	—
Total	\$61,439,724	\$76,022,969	\$93,876,369

* Earlier of maturity or interest reset date. Excludes cash.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other price risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to other price risk as the Fund did not hold any equities or commodities.

- iv) Credit risk

The table below summarizes the credit ratings of fixed income securities held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating						
R1-High	58.0	57.9	62.7	62.6	62.7	62.7
R1-Middle	1.9	1.9	1.8	1.8	2.8	2.8
Bond Credit Rating						
AAA	16.2	16.2	13.1	13.1	17.1	17.1
AA	14.0	14.0	7.8	7.8	3.2	3.2
A	9.9	9.9	14.6	14.6	14.2	14.2
Total	100.0	99.9	100.0	99.9	100.0	100.0

- v) Liquidity risk (note 3)

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ —	\$157	\$ —	\$177	\$ —	\$188
Redeemable units	61,464,672	—	76,101,818	—	93,894,776	—
	\$61,464,672	\$157	\$76,101,818	\$177	\$93,894,776	\$188

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

Scotia T-Bill Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Treasury Bills	57.7	60.0	65.5
Promissory Notes	2.3	4.4	—
Short-Term Bonds	39.9	35.5	34.5

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ —	\$36,851,551	\$ —	\$36,851,551
Bond and Debenture Instruments	—	24,588,173	—	24,588,173
	\$ —	\$61,439,724	\$ —	\$61,439,724

December 31, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ —	\$76,022,969	\$ —	\$76,022,969

January 1, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ —	\$93,876,369	\$ —	\$93,876,369

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.00	10.00	10.00	10.00

Scotia Premium T-Bill Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$229,252,158	\$278,126,495	\$352,747,494
Cash	44,357	29,516	61,505
Accrued investment income	6,290	8,256	10,735
Receivable for management fees rebate	50,976	60,214	72,725
	<u>229,353,781</u>	<u>278,224,481</u>	<u>352,892,459</u>
LIABILITIES			
Current liabilities			
Distributions payable	5,634	6,666	6,724
Net Assets attributable to holders of redeemable units	<u>\$229,348,147</u>	<u>\$278,217,815</u>	<u>\$352,885,735</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$229,348,147</u>	<u>\$278,217,815</u>	<u>\$352,885,735</u>
UNITS OUTSTANDING			
Series A Units	<u>22,934,815</u>	<u>27,821,782</u>	<u>35,288,573</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 10.00</u>	<u>\$ 10.00</u>	<u>\$ 10.00</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 2,567,515	\$ 3,427,274
Net gain (loss) on investments	2,567,515	3,427,274
Securities lending	44,135	100,346
Total income (loss)	<u>2,611,650</u>	<u>3,527,620</u>
EXPENSES		
Management fees (note 5)	715,230	922,539
Harmonized Sales Tax/Goods and Services Tax	132,950	168,184
Audit fees	8,034	9,739
Independent Review Committee fees	695	603
Custodian fees	4,877	5,856
Filing fees	20,710	19,018
Legal fees	1,489	1,690
Unitholder reporting costs	8,261	7,283
Unitholder administration and service fees	46,803	60,331
Overdraft charges	—	59
Total expenses	939,049	1,195,302
Absorbed expenses	(72,884)	(98,568)
Net expenses	<u>866,165</u>	<u>1,096,734</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 1,745,485</u>	<u>\$ 2,430,886</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$ 1,745,485</u>	<u>\$ 2,430,886</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 0.07</u>	<u>\$ 0.08</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	<u>24,601,041</u>	<u>31,490,358</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	<u>\$ 278,217,815</u>	<u>\$ 352,885,735</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	<u>1,745,485</u>	<u>2,430,886</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS From net investment income		
Series A Units	<u>(1,745,486)</u>	<u>(2,430,886)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	73,130,232	58,938,836
Reinvested distributions		
Series A Units	1,680,031	2,349,754
Payments on redemption		
Series A Units	<u>(123,679,930)</u>	<u>(135,956,510)</u>
	<u>(48,869,667)</u>	<u>(74,667,920)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	<u>(48,869,668)</u>	<u>(74,667,920)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$ 229,348,147</u>	<u>\$ 278,217,815</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 1,745,485	\$ 2,430,886
Adjustments For:		
Purchases of non-derivative financial assets	(704,071,721)	(861,319,139)
Proceeds from sale of non-derivative financial assets	752,946,058	935,940,137
Accrued investment income	1,966	2,479
Receivable for management fees rebate	9,238	12,511
Net cash provided by (used in) operating activities	<u>50,631,026</u>	<u>77,066,874</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	73,130,232	58,938,836
Amounts paid on redemption of redeemable units	(123,679,930)	(135,956,509)
Distributions to unitholders of redeemable units	(66,487)	(81,190)
Net cash provided by (used in) financing activities	<u>(50,616,185)</u>	<u>(77,098,863)</u>
Net increase (decrease) in cash	14,841	(31,989)
Cash (Bank Indebtedness) at beginning of period	29,516	61,505
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 44,357</u>	<u>\$ 29,516</u>
Interest received(1)	2,569,481	3,429,753

(1) Classified as operating items.

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

Scotia Premium T-Bill Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
MONEY MARKET INSTRUMENTS – 100.0%			
Treasury Bills – 57.7%			
	Government of Canada		
14,625,000	0.00% due Jan. 29, 2015	14,610,376	14,615,112
45,270,000	0.00% due Feb. 12, 2015	45,162,710	45,223,545
41,160,000	0.00% due Feb. 26, 2015	41,076,152	41,104,019
23,810,000	0.00% due Mar. 12, 2015	23,710,205	23,768,165
3,185,000	0.00% due Oct. 22, 2015	3,154,488	3,160,355
	Province of Ontario		
3,035,000	0.00% due Apr. 29, 2015	3,003,284	3,024,517
1,375,000	0.00% due May. 6, 2015	1,360,480	1,370,014
		<u>132,077,695</u>	<u>132,265,727</u>
Promissory Notes – 2.5%			
	Province of British Columbia		
5,800,000	0.00% due Jun. 18, 2015	<u>5,755,804</u>	<u>5,771,661</u>
Short-Term Bonds – 39.8%			
	Financement Quebec (Floating Rate)		
7,400,000	1.40% due Mar. 10, 2015	7,402,859	7,408,798
	Financement Quebec		
7,800,000	4.25% due Dec. 1, 2015	8,024,655	8,051,976
	Government of Canada (Floating Rate)		
35,700,000	1.41% due Sep. 15, 2015	35,784,207	35,806,580
	Hydro-Quebec (Floating Rate)		
17,900,000	1.39% due Feb. 11, 2015	17,903,101	17,937,159
	Ontario Hydro		
1,350,000	0.00% due Feb. 18, 2015	1,347,900	1,347,900
	Province of Ontario		
2,200,000	0.00% due May. 3, 2015	2,192,119	2,192,119
	Province of Ontario (Floating Rate)		
3,265,000	1.91% due Jun. 24, 2016	3,301,128	3,302,325
15,088,000	1.43% due Sep. 14, 2016	<u>15,158,923</u>	<u>15,167,913</u>
		<u>91,114,892</u>	<u>91,214,770</u>
	TOTAL INVESTMENT PORTFOLIO	<u>228,948,391</u>	<u>229,252,158</u>
	OTHER ASSETS, LESS LIABILITIES – 0.0%		95,989
	NET ASSETS – 100.0%		<u>229,348,147</u>

Instruments with a 0.00% stated interest rate are purchased at a discount to face value. The discount represents the implied effective interest.

Scotia Premium T-Bill Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in Government of Canada treasury bills and other short-term debt instruments guaranteed by the Government of Canada.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Money Market Instruments*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$229,252,158	\$278,126,495	\$352,747,494
1-3 years	—	—	—
3-5 years	—	—	—
5-10 years	—	—	—
> 10 years	—	—	—
Total	\$229,252,158	\$278,126,495	\$352,747,494

* Earlier of maturity or interest reset date. Excludes cash.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other price risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to other price risk as the Fund did not hold any equities or commodities.

- iv) Credit risk

The table below summarizes the credit ratings of fixed income securities held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating						
R1-High	58.4	58.4	62.0	62.0	62.5	62.5
R1-Middle	1.9	1.9	2.1	2.1	1.2	1.2
Bond Credit Rating						
AAA	15.6	15.6	12.5	12.5	21.9	21.9
AA	12.8	12.8	8.5	8.5	—	—
A	11.3	11.3	14.9	14.9	14.4	14.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ —	\$5,634	\$ —	\$6,666	\$ —	\$6,724
Redeemable units	229,348,147	—	278,217,815	—	352,885,735	—
	\$229,348,147	\$5,634	\$278,217,815	\$6,666	\$352,885,735	\$6,724

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

Scotia Premium T-Bill Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Treasury Bills	57.7	59.2	63.7
Promissory Notes	2.5	4.9	0.0
Short-Term Notes	39.8	35.9	36.3

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$138,037,388	\$ –	\$138,037,388
Bond and Debenture Instruments	–	91,214,770	–	91,214,770
	\$ –	\$229,252,158	\$ –	\$229,252,158

December 31, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$278,126,495	\$ –	\$278,126,495

January 1, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$352,747,494	\$ –	\$352,747,494

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.00	10.00	10.00	10.00

Scotia Money Market Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$1,498,310,647	\$1,751,599,380	\$2,065,538,676
Cash	85,943	92,764	2,691,255
Accrued investment income	52,834	62,177	77,233
	<u>1,498,449,424</u>	<u>1,751,754,321</u>	<u>2,068,307,164</u>
LIABILITIES			
Current liabilities			
Distributions payable	3,510	4,000	3,628
Net Assets attributable to holders of redeemable units	<u>\$1,498,445,914</u>	<u>\$1,751,750,321</u>	<u>\$2,068,303,536</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$ 372,928,739	\$ 456,213,468	\$ 582,051,484
Advisor Series Units	\$ 1,277,827	\$ 1,278,537	\$ 1,580,166
Series I Units	\$ 153,972	\$ 151,977	\$ 10,404,360
Series M Units	\$ 938,405,533	\$1,111,706,907	\$1,213,387,545
Premium Series Units	\$ 185,679,843	\$ 182,399,432	\$ 260,879,981
UNITS OUTSTANDING			
Series A Units	37,292,874	45,621,347	58,205,148
Advisor Series Units	127,783	127,854	158,017
Series I Units	15,397	15,198	1,040,436
Series M Units	93,840,553	111,170,691	121,338,755
Premium Series Units	<u>18,567,984</u>	<u>18,239,943</u>	<u>26,087,998</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 10.00	\$ 10.00	\$ 10.00
Advisor Series Units	\$ 10.00	\$ 10.00	\$ 10.00
Series I Units	\$ 10.00	\$ 10.00	\$ 10.00
Series M Units	\$ 10.00	\$ 10.00	\$ 10.00
Premium Series Units	\$ 10.00	\$ 10.00	\$ 10.00

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 23,281,610	\$ 23,944,686
Net gain (loss) on investments	23,281,610	23,944,686
Securities lending	15,391	4,392
Total income (loss)	<u>23,297,001</u>	<u>23,949,078</u>
EXPENSES		
Management fees (note 5)	5,075,147	6,079,989
Harmonized Sales Tax/Goods and Services Tax	493,069	646,226
Audit fees	57,403	56,448
Independent Review Committee fees	5,017	3,390
Custodian fees	29,072	32,831
Filing fees	58,168	82,165
Legal fees	10,801	8,982
Unitholder reporting costs	57,628	53,559
Unitholder administration and service fees	534,534	616,940
Overdraft charges	—	1,708
Total expenses	<u>6,320,839</u>	<u>7,582,238</u>
Absorbed expenses	<u>(1,029,536)</u>	<u>(1,061,075)</u>
Net expenses	<u>5,291,303</u>	<u>6,521,163</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 18,005,698</u>	<u>\$ 17,427,915</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 1,453,320	\$ 1,795,990
Advisor Series Units	\$ 6,335	\$ 5,158
Series I Units	\$ 1,989	\$ 93,367
Series M Units	\$ 14,751,664	\$ 13,396,767
Premium Series Units	<u>\$ 1,792,390</u>	<u>\$ 2,136,633</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.04	\$ 0.04
Advisor Series Units	\$ 0.04	\$ 0.03
Series I Units	\$ 0.13	\$ 0.14
Series M Units	\$ 0.13	\$ 0.13
Premium Series Units	<u>\$ 0.10</u>	<u>\$ 0.10</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	41,498,304	51,308,271
Advisor Series Units	180,608	147,529
Series I Units	15,289	686,895
Series M Units	117,261,537	102,087,689
Premium Series Units	<u>18,520,290</u>	<u>20,971,678</u>

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

Scotia Money Market Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — BEGINNING OF PERIOD		
Series A Units	\$ 456,213,468	\$ 582,051,484
Advisor Series Units	1,278,537	1,580,166
Series I Units	151,977	10,404,360
Series M Units	1,111,706,907	1,213,387,545
Premium Series Units	182,399,432	260,879,981
	<u>1,751,750,321</u>	<u>2,068,303,536</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	1,453,320	1,795,990
Advisor Series Units	6,335	5,158
Series I Units	1,989	93,367
Series M Units	14,751,664	13,396,767
Premium Series Units	1,792,390	2,136,633
	<u>18,005,698</u>	<u>17,427,915</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(1,453,320)	(1,795,990)
Advisor Series Units	(6,335)	(5,158)
Series I Units	(1,990)	(93,367)
Series M Units	(14,751,664)	(13,396,767)
Premium Series Units	(1,792,390)	(2,136,633)
	<u>(18,005,699)</u>	<u>(17,427,915)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	249,688,094	300,239,909
Advisor Series Units	2,927,085	1,429,517
Series I Units	—	30,000
Series M Units	3,097,292,276	2,541,412,597
Premium Series Units	170,948,046	193,487,222
Reinvested distributions		
Series A Units	1,432,177	1,775,178
Advisor Series Units	6,329	4,715
Series I Units	1,996	93,362
Series M Units	14,664,816	13,301,296
Premium Series Units	1,768,958	2,117,849
Payments on redemption		
Series A Units	(334,405,000)	(427,853,103)
Advisor Series Units	(2,934,124)	(1,735,861)
Series I Units	—	(10,375,745)
Series M Units	(3,285,258,466)	(2,656,394,531)
Premium Series Units	(169,436,593)	(274,085,620)
	<u>(253,304,406)</u>	<u>(316,553,215)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(83,284,729)	(125,838,016)
Advisor Series Units	(710)	(301,629)
Series I Units	1,995	(10,252,383)
Series M Units	(173,301,374)	(101,680,638)
Premium Series Units	3,280,411	(78,480,549)
	<u>(253,304,407)</u>	<u>(316,553,215)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — END OF PERIOD		
Series A Units	372,928,739	456,213,468
Advisor Series Units	1,277,827	1,278,537
Series I Units	153,972	151,977
Series M Units	938,405,533	1,111,706,907
Premium Series Units	185,679,843	182,399,432
	<u>\$ 1,498,445,914</u>	<u>\$ 1,751,750,321</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 18,005,698	\$ 17,427,915
Adjustments For:		
Purchases of non-derivative financial assets	(10,518,816,384)	(7,068,178,223)
Proceeds from sale of non-derivative financial assets	10,772,105,117	7,382,117,518
Accrued investment income	9,343	15,056
Net cash provided by (used in) operating activities	<u>271,303,774</u>	<u>331,382,266</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	3,520,855,501	3,036,599,245
Amounts paid on redemption of redeemable units	(3,792,034,183)	(3,370,444,863)
Distributions to unitholders of redeemable units	(131,913)	(135,139)
Net cash provided by (used in) financing activities	<u>(271,310,595)</u>	<u>(333,980,757)</u>
Net increase (decrease) in cash	(6,821)	(2,598,491)
Cash (Bank Indebtedness) at beginning of period	92,764	2,691,255
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 85,943</u>	<u>\$ 92,764</u>
Interest received(1)	23,290,953	23,959,742

(1) Classified as operating items.

Scotia Money Market Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
MONEY MARKET INSTRUMENTS – 100.0%				MONEY MARKET INSTRUMENTS (cont'd)			
Treasury Bills – 14.5%				Commercial Paper (cont'd)			
	Government of Canada				TELUS Corporation		
34,680,000	0.00% due Jan. 5, 2015	34,657,111	34,676,479	7,500,000	0.00% due Mar. 2, 2015	7,477,350	7,484,900
47,245,000	0.00% due Jan. 7, 2015	47,213,124	47,237,786		Wells Fargo Financial Canada Corporation		
134,490,000	0.00% due Jan. 8, 2015	134,409,611	134,465,213	5,000,000	0.00% due Feb. 9, 2015	4,985,450	4,993,764
	Province of Ontario			5,000,000	0.00% due Nov. 6, 2015	4,936,000	4,945,670
600,000	0.00% due Jan. 21, 2015	599,520	599,680	10,000,000	0.00% due Nov. 9, 2015	9,872,350	9,890,284
		<u>216,879,366</u>	<u>216,979,158</u>			<u>344,197,079</u>	<u>344,598,162</u>
Promissory Notes – 2.0%				Short-Term Bonds – 56.9%			
	Province of British Columbia				407 International Inc.		
30,290,000	0.00% due Jan. 7, 2015	30,271,826	30,285,043	38,951,000	3.88% due Jun. 16, 2015	39,396,921	39,459,202
Bankers' Acceptances – 1.6%					Bank of Montreal (Floating Rate)		
	HSBC Bank Canada			69,500,000	1.80% due Sep. 11, 2015	69,665,394	69,734,896
900,000	0.00% due Jan. 5, 2015	897,336	899,883		Bank of Nova Scotia, The (Floating Rate)		
	Toronto-Dominion Bank, The			9,200,000	1.66% due Aug. 4, 2015	9,206,673	9,230,493
23,000,000	0.00% due Jan. 5, 2015	22,985,050	22,997,010		Bayerische Motoren Werke AG		
		<u>23,882,386</u>	<u>23,896,893</u>	16,158,000	3.15% due Apr. 1, 2015	16,229,907	16,357,151
Bearers' Deposit Notes – 2.1%				23,860,000	2.64% due Aug. 10, 2015	24,029,862	24,274,634
	Manulife Bank of Canada				Caisse Centrale Desjardins		
15,000,000	0.00% due Jan. 5, 2015	14,987,100	14,998,089	15,800,000	3.79% due Jun. 8, 2015	15,964,920	16,002,738
14,608,000	0.00% due Jan. 6, 2015	14,594,999	14,605,678		Caisse Centrale Desjardins (Floating Rate)		
1,000,000	0.00% due Apr. 13, 2015	986,050	996,058	24,000,000	1.62% due Oct. 16, 2015	24,052,763	24,133,870
		<u>30,568,149</u>	<u>30,599,825</u>		Canadian Imperial Bank of Commerce (Floating Rate)		
Commercial Paper – 22.9%				57,500,000	1.64% due Sep. 23, 2015	57,500,000	57,520,668
	Caterpillar Inc.			12,200,000	1.51% due Jul. 14, 2016	12,200,000	12,239,124
10,500,000	0.00% due Jan. 7, 2015	10,489,605	10,498,110		CARDS II Trust		
10,000,000	0.00% due Jan. 9, 2015	9,990,400	9,997,600	68,483,000	3.10% due Sep. 15, 2015	69,284,315	69,911,005
	Enbridge Inc.				Caterpillar Inc.		
8,000,000	0.00% due Jan. 2, 2015	7,974,720	7,999,722	19,596,000	2.20% due Jun. 1, 2015	19,661,440	19,696,972
7,000,000	0.00% due Jan. 5, 2015	6,977,880	6,999,028		Deere & Company		
32,000,000	0.00% due Jan. 7, 2015	31,974,123	31,992,943	20,194,000	3.25% due Apr. 8, 2015	20,295,879	20,447,334
10,475,000	0.00% due Jan. 13, 2015	10,459,916	10,470,475		FortisBC Inc.		
8,600,000	0.00% due Jan. 15, 2015	8,575,834	8,595,717	4,768,000	11.80% due Sep. 30, 2015	5,128,037	5,269,849
9,000,000	0.00% due Jan. 26, 2015	8,980,650	8,992,198		GE Capital Canada Funding Company		
8,500,000	0.00% due Feb. 27, 2015	8,472,460	8,482,937	12,418,000	4.65% due Feb. 11, 2015	12,463,501	12,686,316
	Epcor Utilities				General Electric Company (Floating Rate)		
7,500,000	0.00% due Jan. 6, 2015	7,495,050	7,498,763	5,680,000	2.57% due Jan. 26, 2015	5,684,832	5,711,042
2,800,000	0.00% due Jan. 9, 2015	2,797,956	2,799,257	5,979,000	1.55% due Jun. 1, 2015	5,982,259	5,989,622
	FortisBC Inc.				General Electric Company		
4,000,000	0.00% due Jan. 2, 2015	3,995,320	3,999,866	16,000,000	4.24% due Jun. 8, 2015	16,194,236	16,237,101
1,600,000	0.00% due Jan. 29, 2015	1,596,960	1,598,557		Golden Credit Card Trust		
2,000,000	0.00% due Feb. 3, 2015	1,995,740	1,997,803	66,392,000	3.82% due May 15, 2015	67,003,387	67,326,004
10,235,000	0.00% due Feb. 4, 2015	10,212,499	10,223,534		Greater Toronto Airports Authority		
18,000,000	0.00% due Feb. 26, 2015	17,945,100	17,965,840	22,655,000	5.00% due Jun. 1, 2015	23,001,915	23,095,272
	Honda Canada Finance Inc.				Honda Canada Finance Inc. (Floating Rate)		
2,000,000	0.00% due Jan. 19, 2015	1,997,040	1,998,842	11,168,000	2.23% due Feb. 23, 2015	11,180,153	11,205,870
	Imperial Oil Ltd.			26,240,000	1.70% due Dec. 3, 2015	26,312,598	26,346,818
8,000,000	0.00% due Jan. 2, 2015	7,988,610	7,999,755		HSBC Bank Canada		
10,000,000	0.00% due Jan. 6, 2015	9,983,200	9,998,473	20,000,000	2.57% due Nov. 23, 2015	20,184,019	20,237,574
50,725,000	0.00% due Jan. 8, 2015	50,682,634	50,714,218		HSBC Bank USA NA		
	Nova Scotia Power Inc.			19,000,000	3.86% due May 21, 2015	19,179,583	19,260,623
4,200,000	0.00% due Jan. 7, 2015	4,195,128	4,199,165		Hydro One Inc. (Floating Rate)		
17,200,000	0.00% due Jan. 8, 2015	17,179,360	17,195,987	7,400,000	1.67% due Jul. 24, 2015	7,414,437	7,436,823
13,000,000	0.00% due Jan. 14, 2015	12,984,270	12,994,320		Hydro One Inc.		
	Omers Finance Trust			33,000,000	2.95% due Sep. 11, 2015	33,367,800	33,666,302
2,539,000	0.00% due Jan. 7, 2015	2,531,459	2,538,508		John Deere Credit Inc.		
13,925,000	0.00% due Jan. 26, 2015	13,897,568	13,913,757	6,000,000	5.45% due Sep. 16, 2015	6,172,627	6,268,379
17,837,000	0.00% due Feb. 6, 2015	17,784,559	17,816,480		Manulife Bank of Canada (Floating Rate)		
5,000,000	0.00% due Feb. 11, 2015	4,985,000	4,993,387	5,350,000	1.83% due Mar. 14, 2016	5,366,091	5,370,171
6,900,000	0.00% due Feb. 18, 2015	6,879,783	6,889,336		National Australia Bank Ltd.		
1,500,000	0.00% due Feb. 19, 2015	1,495,545	1,497,627	9,000,000	4.19% due Jul. 20, 2015	9,137,515	9,305,570
7,700,000	0.00% due Mar. 2, 2015	7,677,439	7,684,959		National Bank of Canada (Floating Rate)		
3,350,000	0.00% due Mar. 3, 2015	3,340,185	3,343,347	69,700,000	1.54% due Jun. 23, 2016	69,700,000	69,723,526
3,400,000	0.00% due Mar. 5, 2015	3,389,936	3,393,033		New Brunswick Muni Fin Corp.		
				1,883,000	1.15% due May 15, 2015	1,882,378	1,885,107

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

Scotia Money Market Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
MONEY MARKET INSTRUMENTS (cont'd)			
Short-Term Bonds (cont'd)			
	Royal Bank of Canada (Floating Rate)		
480,000	2.07% due Jan. 16, 2015	480,146	482,218
2,200,000	1.36% due Jun. 25, 2015	2,200,330	2,200,831
66,800,000	1.36% due Sep. 18, 2015	66,800,000	66,832,357
	Toronto-Dominion Bank, The (Floating Rate)		
43,250,000	1.47% due Apr. 21, 2016	43,250,000	43,373,924
	Vancouver International Airport Authorit		
12,552,000	5.02% due Nov. 13, 2015	12,948,627	13,032,180
		<u>848,522,545</u>	<u>851,951,566</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,494,321,351</u>	<u>1,498,310,647</u>
	OTHER ASSETS, LESS LIABILITIES — 0.0%		<u>135,267</u>
	NET ASSETS — 100.0%		<u>1,498,445,914</u>

Instruments with a 0.00% stated interest rate are purchased at a discount to face value. The discount represents the implied effective interest.

Scotia Money Market Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in high quality, short-term fixed income securities issued by Canadian federal, provincial and municipal governments, Canadian chartered banks and trust companies, and corporations.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Money Market Instruments*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$1,498,310,647	\$1,751,599,380	\$2,065,538,676
1-3 years	—	—	—
3-5 years	—	—	—
5-10 years	—	—	—
> 10 years	—	—	—
Total	\$1,498,310,647	\$1,751,599,380	\$2,065,538,676

* Earlier of maturity or interest reset date. Excludes cash.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other price risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to other price risk as the Fund did not hold any equities or commodities.

- iv) Credit risk

The table below summarizes the credit ratings of fixed income securities held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating						
R1-High	26.7	26.7	11.3	11.3	18.4	18.4
R1-Middle	3.6	3.6	12.7	12.7	5.3	5.3
R1-Low	12.8	12.8	17.6	17.6	11.4	11.4
Unrated						
Bond Credit Rating						
AAA	9.2	9.2	1.8	1.8	13.1	13.1
AA	29.0	29.0	31.9	31.8	25.5	25.5
A	18.7	18.7	23.7	23.7	26.3	26.2
BBB	—	—	1.0	1.0	—	—
Total	100.0	100.0	100.0	99.9	100.0	99.9

Scotia Money Market Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$3,510	\$ –	\$4,000	\$ –	\$3,628
Redeemable units	1,498,445,914	–	1,751,750,321	–	2,068,303,536	–
	\$1,498,445,914	\$3,510	\$1,751,750,321	\$4,000	\$2,068,303,536	\$3,628

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Bankers' Acceptances	1.6	6.2	7.8
Bearers' Deposit Notes	2.1	1.8	2.3
Commercial Paper	22.9	33.5	25.0
Short-Term Bonds	56.9	58.4	64.8
Promissory Notes	2.0	–	–
Treasury Bills	14.5	–	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$ 646,359,081	\$ –	\$ 646,359,081
Bond and Debenture Instruments	–	851,951,566	–	851,951,566
	\$ –	\$1,498,310,647	\$ –	\$1,498,310,647

December 31, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$1,751,599,380	\$ –	\$1,751,599,380

January 1, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$2,065,538,676	\$ –	\$2,065,538,676

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia Money Market Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.00	10.00	10.00	10.00
Advisor Series	10.00	10.00	10.00	10.00
Series I	10.00	10.00	10.00	10.00
Series M	10.00	10.00	10.00	10.00
Premium Series	10.00	10.00	10.00	10.00

Scotia U.S. \$ Money Market Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
	U.S. \$	U.S. \$	U.S. \$
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$64,704,404	\$69,237,964	\$94,558,285
Cash	97,823	103,275	58,515
Accrued investment income	174,670	175,710	176,923
Subscriptions receivable	6,221,310	—	—
	<u>71,198,207</u>	<u>69,516,949</u>	<u>94,793,723</u>
LIABILITIES			
Current liabilities			
Distributions payable	—	—	68
Redemptions payable	7,239	—	—
	<u>7,239</u>	<u>—</u>	<u>68</u>
Net Assets attributable to holders of redeemable units	<u>\$71,190,968</u>	<u>\$69,516,949</u>	<u>\$94,793,655</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$71,190,968</u>	<u>\$69,516,949</u>	<u>\$94,793,655</u>
UNITS OUTSTANDING			
Series A Units	<u>7,119,097</u>	<u>6,951,695</u>	<u>9,479,365</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 10.00</u>	<u>\$ 10.00</u>	<u>\$ 10.00</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
	U.S. \$	U.S. \$
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 158,849	\$ 229,995
Net gain (loss) on investments	158,849	229,995
Securities lending	164	7
Total income (loss)	<u>159,013</u>	<u>230,002</u>
EXPENSES		
Management fees (note 5)	665,194	770,755
Harmonized Sales Tax/Goods and Services Tax	14,811	22,932
Audit fees	2,158	2,539
Independent Review Committee fees	187	145
Custodian fees	3,414	3,735
Filing fees	19,451	16,117
Legal fees	397	410
Unitholder reporting costs	7,559	7,972
Unitholder administration and service fees	25,154	29,856
Overdraft charges	—	44
Total expenses	<u>738,325</u>	<u>854,505</u>
Absorbed expenses	<u>(612,435)</u>	<u>(663,389)</u>
Net expenses	<u>125,890</u>	<u>191,116</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 33,123</u>	<u>\$ 38,886</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$ 33,123</u>	<u>\$ 38,886</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 0.01</u>	<u>\$ 0.01</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	<u>6,560,290</u>	<u>7,707,557</u>

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

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

For the periods ended December 31,

	2014	2013
	U.S. \$	U.S. \$
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	<u>\$ 69,516,949</u>	<u>\$ 94,793,655</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	<u>33,123</u>	<u>38,886</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	<u>(33,123)</u>	<u>(38,886)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	47,365,337	45,008,641
Reinvested distributions		
Series A Units	32,980	38,654
Payments on redemption		
Series A Units	<u>(45,724,298)</u>	<u>(70,324,001)</u>
	<u>1,674,019</u>	<u>(25,276,706)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	<u>1,674,019</u>	<u>(25,276,706)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$ 71,190,968</u>	<u>\$ 69,516,949</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 33,123	\$ 38,886
Adjustments For:		
Purchases of non-derivative financial assets	(303,323,782)	(311,766,863)
Proceeds from sale of non-derivative financial assets	307,857,343	337,087,184
Accrued investment income	1,040	1,213
Net cash provided by (used in) operating activities	<u>4,567,724</u>	<u>25,360,420</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	41,144,027	45,008,641
Amounts paid on redemption of redeemable units	(45,717,059)	(70,324,001)
Distributions to unitholders of redeemable units	(144)	(300)
Net cash provided by (used in) financing activities	<u>(4,573,176)</u>	<u>(25,315,660)</u>
Net increase (decrease) in cash	<u>(5,452)</u>	<u>44,760</u>
Cash (Bank Indebtedness) at beginning of period	103,275	58,515
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 97,823</u>	<u>\$ 103,275</u>
Interest received(1)	172,766	231,208

(1) Classified as operating items.

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

Scotia U.S. \$ Money Market Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
U.S. \$		U.S. \$	U.S. \$	U.S. \$		U.S. \$	U.S. \$
MONEY MARKET INSTRUMENTS – 90.9%				MONEY MARKET INSTRUMENTS (cont'd)			
Promissory Notes – 2.7%				Short Term Bonds (cont'd)			
	Province of Ontario				Toronto-Dominion Bank, The (Floating Rate)		
1,700,000	0.00% due Jan. 13, 2015	1,699,847	1,699,946	2,750,000	0.70% due Sep. 9, 2016	2,764,549	2,765,718
250,000	0.00% due Mar. 5, 2015	249,950	249,951		Toyota Credit Canada Inc. (Floating Rate)		
		<u>1,949,797</u>	<u>1,949,897</u>	1,700,000	0.39% due Mar. 10, 2015	1,700,561	1,700,946
Bankers' Acceptances – 2.4%					Wal-Mart Stores Inc.		
	HSBC Bank Canada			1,500,000	2.88% due Apr. 1, 2015	1,509,819	1,520,720
1,700,000	0.00% due Jan. 26, 2015	<u>1,699,694</u>	<u>1,699,837</u>	1,500,000	Wells Fargo Company (Floating Rate)	<u>1,506,404</u>	<u>1,506,649</u>
Commercial Paper – 21.2%						<u>45,890,696</u>	<u>45,990,664</u>
	Canada Pension Plan Investment Board				TOTAL INVESTMENT PORTFOLIO	<u>64,602,268</u>	<u>64,704,404</u>
2,000,000	0.00% due Jan. 6, 2015	1,998,540	1,999,956		OTHER ASSETS, LESS LIABILITIES – 9.1%		<u>6,486,564</u>
	Province of Ontario				NET ASSETS – 100.0%		<u>71,190,968</u>
3,865,000	0.00% due Feb. 5, 2015	3,864,459	3,864,614				
	Province of Quebec						
1,000,000	0.00% due Jan. 26, 2015	999,900	999,944				
8,200,000	0.00% due Jan. 27, 2015	<u>8,199,182</u>	<u>8,199,492</u>				
		<u>15,062,081</u>	<u>15,064,006</u>				
Short Term Bonds – 64.6%				Instruments with a 0.00% stated interest rate are purchased at a discount to face value. The discount represents the implied effective interest.			
	American Honda Finance Corporation						
350,000	1.45% due Feb. 27, 2015	350,665	352,399				
650,000	1.00% due Aug. 11, 2015	652,674	655,184				
	Bank of Montreal (Floating Rate)						
2,650,000	0.75% due Jul. 15, 2016	2,665,031	2,669,286				
	Bank of Nova Scotia, The (Floating Rate)						
3,000,000	0.48% due Jan. 14, 2015	3,000,103	3,003,143				
	Caisse Centrale Desjardins (Floating Rate)						
2,010,000	2.65% due Sep. 16, 2015	2,040,637	2,056,024				
	Canadian Imperial Bank of Commerce (Floating Rate)						
2,400,000	0.93% due Feb. 20, 2015	2,402,251	2,404,798				
600,000	0.75% due Jul. 18, 2016	603,392	604,293				
	Caterpillar Inc. (Floating Rate)						
1,019,000	0.58% due Feb. 9, 2015	1,019,411	1,020,267				
500,000	0.39% due Aug. 28, 2015	500,476	500,658				
	Walt Disney Company, The (Floating Rate)						
2,400,000	0.22% due Feb. 11, 2015	2,400,186	2,400,926				
	General Electric Company (Floating Rate)						
1,425,000	1.00% due Aug. 11, 2015	1,431,614	1,433,553				
	IBM Corp (Floating Rate)						
1,400,000	0.21% due Feb. 4, 2015	1,400,040	1,400,510				
	John Deere Capital Corporation						
800,000	0.70% due Sep. 4, 2015	802,124	803,929				
	John Deere Capital Corporation (Floating Rate)						
800,000	0.36% due Jun. 15, 2015	800,464	800,576				
	McDonald's Corporation						
1,385,000	0.75% due May 29, 2015	1,387,910	1,388,804				
	National Bank of Canada						
1,000,000	1.50% due Jun. 26, 2015	1,005,823	1,005,990				
	National Bank of Canada (Floating Rate)						
1,800,000	0.37% due Nov. 6, 2015	1,800,528	1,801,551				
	Pfizer Inc.						
1,500,000	5.35% due Mar. 15, 2015	1,514,627	1,538,034				
	Province of Nova Scotia						
1,700,000	2.38% due Jul. 21, 2015	1,718,969	1,736,801				
	Province of Ontario						
409,000	0.95% due May 26, 2015	410,126	410,493				
	Province of Ontario (Floating Rate)						
5,100,000	0.39% due Apr. 1, 2015	5,100,336	5,105,138				
2,500,000	0.28% due Aug. 13, 2015	2,500,491	2,501,416				
	Royal Bank of Canada (Floating Rate)						
1,400,000	0.44% due Apr. 29, 2015	1,400,100	1,401,184				
1,500,000	0.46% due Dec. 16, 2015	1,501,385	1,501,674				

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

Scotia U.S. \$ Money Market Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide income and liquidity, while maintaining a high level of safety. It invests primarily in treasury bills and other money market instruments that are denominated in U.S. dollars and are issued by Canadian federal, provincial and municipal governments and corporations, and by supranational entities, such as the World Bank. The Fund generally invests in securities with a maturity of up to one year. The Fund invests in securities with a credit rating of R1 (low) or better by an approved rating agency. The Fund's investments will have a maximum 180 average term to maturity and a maximum 90 day average term to maturity when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next setting.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$64,704,404	\$69,237,964	\$94,558,285
1-3 years	—	—	—
3-5 years	—	—	—
5-10 years	—	—	—
> 10 years	—	—	—
Total	\$64,704,404	\$69,237,964	\$94,558,285

* Earlier of maturity or interest reset date. Excludes cash.

- ii) Currency Risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other Price Risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to other price risk as the Fund did not hold any equities or commodities.

- iv) Credit risk

The table below summarizes the credit ratings of fixed income securities held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating						
R1-High	3.1	3.1	33.4	33.3	16.9	16.9
R1-Middle	25.8	25.7	10.7	10.6	18.5	18.5
R1-Low	—	—	5.5	5.5	10.7	10.7
Bond Credit Rating						
AAA	—	—	—	—	3.6	3.6
AA	51.6	51.4	27.3	27.2	43.3	43.0
A	19.5	19.4	23.1	23.0	7.0	7.0
Total	100.0	99.6	100.0	99.6	100.0	99.7

Scotia U.S. \$ Money Market Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$7,239	\$ –	\$ –	\$ –	\$68
Redeemable units	71,190,968	–	69,516,949	–	94,793,655	–
	\$71,190,968	\$7,239	\$69,516,949	\$ –	\$94,793,655	\$68

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Treasury Bills	–	–	0.3
Promissory Notes	2.7	–	3.5
Bankers' Acceptances	2.4	–	0.4
Bearers' Deposit Notes	–	19.1	15.2
Commercial Paper	21.2	30.3	26.5
Short-Term Bonds	64.6	50.2	53.8

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$18,713,740	\$ –	\$18,713,740
Bond and Debenture Instruments	–	45,990,664	–	45,990,664
	\$ –	\$64,704,404	\$ –	\$64,704,404

December 31, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$69,237,964	\$ –	\$69,237,964

January 1, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$94,558,285	\$ –	\$94,558,285

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia U.S. \$ Money Market Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (U.S.\$)	IFRS net assets per unit (U.S.\$)	Pricing NAV per unit (U.S.\$)	IFRS net assets per unit (U.S.\$)
Series A	10.00	10.00	10.00	10.00

Scotia Short Term Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$62,870,679	\$246,620,121	\$139,470,251
Cash	2,040,663	4,925,681	1,165,528
Accrued investment income	471,523	1,234,768	738,074
	<u>65,382,865</u>	<u>252,780,570</u>	<u>141,373,853</u>
Net Assets attributable to holders of redeemable units	<u>\$65,382,865</u>	<u>\$252,780,570</u>	<u>\$141,373,853</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	\$ 1,602,148	\$ —	\$ —
Series M Units	<u>\$63,780,717</u>	<u>\$252,780,570</u>	<u>\$141,373,853</u>
UNITS OUTSTANDING			
Series I Units	161,805	—	—
Series M Units	<u>6,479,892</u>	<u>25,623,512</u>	<u>14,198,785</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	\$ 9.90	\$ —	\$ —
Series M Units	<u>\$ 9.84</u>	<u>\$ 9.87</u>	<u>\$ 9.96</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 3,473,160	\$ 5,502,260
Net realized gain (loss) on non-derivative financial assets	(1,054,865)	(1,190,726)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>1,297,676</u>	<u>(722,066)</u>
Net gain (loss) on investments	<u>3,715,971</u>	<u>3,589,468</u>
Securities lending	8,459	10,784
Total income (loss)	<u>3,724,430</u>	<u>3,600,252</u>
EXPENSES		
Management fees (note 5)	88,485	140,736
Administration fees (note 6)	7,815	—
Harmonized Sales Tax/Goods and Services Tax	11,006	16,531
Audit fees	2,872	7,194
Independent Review Committee fees	323	319
Custodian fees	3,371	3,124
Filing fees	6,237	17,583
Legal fees	560	907
Unitholder reporting costs	4,193	6,316
Unitholder administration and service fees	12,846	27,569
Overdraft charges	497	—
Total expenses	<u>138,205</u>	<u>220,279</u>
Absorbed expenses	(240)	—
Net expenses	<u>137,965</u>	<u>220,279</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 3,586,465</u>	<u>\$ 3,379,973</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	\$ 21,314	\$ —
Series M Units	<u>\$ 3,565,151</u>	<u>\$ 3,379,973</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	\$ 0.20	\$ —
Series M Units	<u>\$ 0.28</u>	<u>\$ 0.17</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	106,894	—
Series M Units	<u>12,731,031</u>	<u>20,348,610</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series M Units	\$ 252,780,570	\$ 141,373,853
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	21,314	—
Series M Units	<u>3,565,151</u>	<u>3,379,973</u>
	<u>3,586,465</u>	<u>3,379,973</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(28,598)	—
Series M Units	<u>(3,511,294)</u>	<u>(5,196,605)</u>
	<u>(3,539,892)</u>	<u>(5,196,605)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	1,845,534	—
Series M Units	<u>79,528,298</u>	<u>180,078,816</u>
Reinvested distributions		
Series I Units	28,598	—
Series M Units	<u>2,996,815</u>	<u>4,265,145</u>
Payments on redemption		
Series I Units	(264,700)	—
Series M Units	<u>(271,578,823)</u>	<u>(71,120,612)</u>
	<u>(187,444,278)</u>	<u>113,223,349</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	1,602,148	—
Series M Units	<u>(188,999,853)</u>	<u>111,406,717</u>
	<u>(187,397,705)</u>	<u>111,406,717</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	1,602,148	—
Series M Units	<u>63,780,717</u>	<u>252,780,570</u>
	<u>\$ 65,382,865</u>	<u>\$ 252,780,570</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 3,586,465	\$ 3,379,973
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	1,054,865	1,190,726
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(1,297,676)	722,066
Purchases of non-derivative financial assets	(261,234,974)	(685,724,415)
Proceeds from sale of non-derivative financial assets	445,227,227	576,661,753
Accrued investment income	763,245	(496,694)
Net cash provided by (used in) operating activities	<u>188,099,152</u>	<u>(104,266,591)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	81,373,832	180,078,816
Amounts paid on redemption of redeemable units	(271,843,523)	(71,120,612)
Distributions to unitholders of redeemable units	(514,479)	(931,460)
Net cash provided by (used in) financing activities	<u>(190,984,170)</u>	<u>108,026,744</u>
Net increase (decrease) in cash	(2,885,018)	3,760,153
Cash (Bank Indebtedness) at beginning of period	4,925,681	1,165,528
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 2,040,663</u>	<u>\$ 4,925,681</u>
Interest received(1)	4,236,405	5,005,566

(1) Classified as operating items.

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

Scotia Short Term Bond Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 96.2%			
Federal Bonds – 15.4%			
9,850,000	Canada Housing Trust No. 1 2.75% due Jun. 15, 2016	10,121,652	10,082,211
Provincial Bonds – 18.8%			
11,500,000	Province of Ontario 4.30% due Mar. 8, 2017	12,288,900	12,244,717
Mortgage-backed Securities – 0.1%			
75,000	Schooner Trust 4.36% due Sep. 12, 2015	78,305	76,046
Corporate Bonds – 61.9%			
3,500,000	Anheuser-Busch InBev Finance Inc. 2.38% due Jan. 25, 2018	3,483,130	3,532,636
2,300,000	Bank of Montreal 3.10% due Mar. 10, 2016	2,356,541	2,341,333
2,440,000	Canadian Imperial Bank of Commerce 2.35% due Oct. 18, 2017	2,440,495	2,472,977
2,000,000	Ford Credit Canada Limited 3.70% due Aug. 2, 2018	2,084,340	2,089,324
4,900,000	Genesis Trust II 2.30% due Feb. 15, 2017	4,900,000	4,963,401
250,000	Golden Credit Card Trust 3.51% due May 15, 2016	260,170	256,613
2,245,000	HSBC Bank of Canada 2.90% due Jan. 13, 2017	2,295,846	2,296,389
5,040,000	Master Credit Card Trust 2.72% due Nov. 21, 2018	5,040,000	5,172,009
2,310,000	National Bank of Canada 2.40% due Oct. 28, 2019	2,310,000	2,327,006
3,750,000	Rogers Communications Inc. 2.80% due Mar. 13, 2019	3,748,950	3,821,158
4,920,000	Royal Bank of Canada 2.36% due Sep. 21, 2017	4,929,921	4,986,498
3,330,000	VW Credit Canada, Inc. 2.45% due Nov. 14, 2017	3,324,073	3,384,121
2,765,000	Wells Fargo Financial Canada Corporation 2.77% due Feb. 9, 2017	2,800,213	2,824,240
		39,973,679	40,467,705
	TOTAL INVESTMENT PORTFOLIO	62,462,536	62,870,679
	OTHER ASSETS, LESS LIABILITIES – 3.8%		2,512,186
	NET ASSETS – 100.0%		65,382,865

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

Scotia Short Term Bond Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's objective is to provide regular interest income and modest capital gains. It invests primarily in:
- bonds and treasury bills issued or guaranteed by Canadian federal, provincial and municipal governments, any agency of such governments and Canadian corporations.
 - money market instruments of Canadian issuers. These include commercial paper, bankers' acceptances, asset-backed or mortgage-backed securities and guaranteed investment certificates.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of net assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$252,606,928	\$141,262,001
Revaluation of Investments at FVTPL	173,642	111,852
Net assets attributable to holders of redeemable units	\$252,780,570	\$141,373,853

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$3,318,183
Revaluation of Investments at FVTPL	61,790
Increase (decrease) in net assets attributable to holders of redeemable units	\$3,379,973

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ 76,046	\$ 10,440,006	\$ –
1-3 years	45,852,500	125,183,544	56,286,112
3-5 years	16,942,133	110,996,571	83,184,139
5-10 years	–	–	–
> 10 years	–	–	–
Total	\$62,870,679	\$246,620,121	\$139,470,251

* Earlier of maturity or interest reset date. Excludes cash and money market instruments where applicable.

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$397,362 or approximately 0.6% (December 31, 2013 – \$1,630,456 or approximately 0.6%, January 1, 2013 – \$978,489 or approximately 0.7%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Scotia Short Term Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk as the Fund did not hold any equities or commodities.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debt Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debt Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debt Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
Bond Rating						
AAA	32.7	31.5	44.0	42.9	47.5	46.8
AA	46.9	45.1	32.1	31.3	31.9	31.4
A	11.0	10.6	15.7	15.4	16.6	16.4
BBB	9.4	9.0	8.2	8.0	4.0	4.0
Total	100.0	96.2	100.0	97.6	100.0	98.6

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Redeemable units	\$65,382,865	\$ –	\$252,780,570	\$ –	\$141,373,853	\$ –

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Federal Bonds	15.4	38.9	46.6
Provincial Bonds	18.8	18.5	17.6
Mortgage-Backed Securities	0.1	0.0	0.1
Corporate Bonds	61.9	40.2	34.3

Scotia Short Term Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$ 62,870,679	\$ –	\$ 62,870,679

December 31, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$246,620,121	\$ –	\$246,620,121

January 1, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$139,470,251	\$ –	\$139,470,251

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series I	9.90	9.90	–	–
Series M	9.84	9.84	9.87	9.87

Scotia Private Short-Mid Government Bond Pool

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$1,569,311,545	\$1,290,128,353	\$1,217,624,925
Cash	65,641,427	56,635	11,973,530
Accrued investment income	3,579,215	4,409,862	2,839,288
Subscriptions receivable	2,093,059	777,291	1,527,999
Margin deposited on futures	677,600	400,893	103,400
	<u>1,641,302,846</u>	<u>1,295,773,034</u>	<u>1,234,069,142</u>
LIABILITIES			
Current liabilities			
Redemptions payable	<u>1,219,293</u>	<u>379,691</u>	<u>663,922</u>
Net Assets attributable to holders of redeemable units	<u>\$1,640,083,553</u>	<u>\$1,295,393,343</u>	<u>\$1,233,405,220</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	\$ 481,430,988	\$ 560,942,762	\$ 479,072,115
Series M Units	<u>\$1,158,652,565</u>	<u>\$ 734,450,581</u>	<u>\$ 754,333,105</u>
UNITS OUTSTANDING			
Series I Units	45,380,478	54,028,595	45,018,188
Series M Units	<u>109,197,090</u>	<u>70,727,424</u>	<u>70,869,754</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	\$ 10.61	\$ 10.38	\$ 10.64
Series M Units	<u>\$ 10.61</u>	<u>\$ 10.38</u>	<u>\$ 10.64</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$40,322,208	\$ 38,636,985
Net realized gain (loss) on non-derivative financial assets	(3,686,126)	(12,137,158)
Net realized gain (loss) on futures contracts	(3,504,935)	2,562,405
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>38,358,000</u>	<u>(24,753,477)</u>
Net gain (loss) on investments	<u>71,489,147</u>	<u>4,308,755</u>
Securities lending	82,737	77,808
Total income (loss)	<u>71,571,884</u>	<u>4,386,563</u>
EXPENSES		
Management fees (note 5)	691,117	544,306
Administration fees (note 6)	114,581	—
Harmonized Sales Tax/Goods and Services Tax	98,451	77,084
Audit fees	30,788	43,330
Independent Review Committee fees	2,885	2,412
Custodian fees	13,804	18,562
Filing fees	4,930	22,227
Legal fees	4,358	6,972
Unitholder reporting costs	10,921	11,821
Unitholder administration and service fees	105,248	179,830
Overdraft charges	78	—
Transaction costs	<u>5,181</u>	<u>11,156</u>
Total expenses	<u>1,082,342</u>	<u>917,700</u>
Absorbed expenses	(372)	(63)
Net expenses	<u>1,081,970</u>	<u>917,637</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$70,489,914</u>	<u>\$ 3,468,926</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	\$23,965,076	\$ 1,516,977
Series M Units	<u>\$46,524,838</u>	<u>\$ 1,951,949</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	\$ 0.55	\$ 0.03
Series M Units	<u>\$ 0.50</u>	<u>\$ 0.03</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	43,858,221	54,533,406
Series M Units	<u>93,777,550</u>	<u>74,034,998</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series I Units	\$ 560,942,762	\$ 479,072,115
Series M Units	<u>734,450,581</u>	<u>754,333,105</u>
	<u>1,295,393,343</u>	<u>1,233,405,220</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	23,965,076	1,516,977
Series M Units	<u>46,524,838</u>	<u>1,951,949</u>
	<u>70,489,914</u>	<u>3,468,926</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(12,755,851)	(16,340,580)
Series M Units	<u>(26,161,025)</u>	<u>(21,563,151)</u>
	<u>(38,916,876)</u>	<u>(37,903,731)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	170,281,324	159,857,110
Series M Units	<u>606,773,609</u>	<u>262,492,283</u>
Reinvested distributions		
Series I Units	12,755,851	16,340,580
Series M Units	<u>22,212,700</u>	<u>18,812,086</u>
Payments on redemption		
Series I Units	(273,758,174)	(79,503,440)
Series M Units	<u>(225,148,138)</u>	<u>(281,575,691)</u>
	<u>313,117,172</u>	<u>96,422,928</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	(79,511,774)	81,870,647
Series M Units	<u>424,201,984</u>	<u>(19,882,524)</u>
	<u>344,690,210</u>	<u>61,988,123</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	481,430,988	560,942,762
Series M Units	<u>1,158,652,565</u>	<u>734,450,581</u>
	<u>\$1,640,083,553</u>	<u>\$1,295,393,343</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 70,489,914	\$ 3,468,926
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	3,686,126	12,137,158
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(38,358,000)	24,753,477
Purchases of non-derivative financial assets	(3,812,291,103)	(2,701,266,363)
Proceeds from sale of non-derivative financial assets	3,567,779,785	2,591,872,300
Accrued investment income	830,647	(1,570,574)
Change in margin accounts for futures contracts	<u>(276,707)</u>	<u>(297,493)</u>
Net cash provided by (used in) operating activities	<u>(208,139,338)</u>	<u>(70,902,569)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	775,739,165	423,100,101
Amounts paid on redemption of redeemable units	(498,066,710)	(361,363,362)
Distributions to unitholders of redeemable units	<u>(3,948,325)</u>	<u>(2,751,065)</u>
Net cash provided by (used in) financing activities	<u>273,724,130</u>	<u>58,985,674</u>
Net increase (decrease) in cash	65,584,792	(11,916,895)
Cash (Bank Indebtedness) at beginning of period	56,635	11,973,530
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 65,641,427</u>	<u>\$ 56,635</u>
Interest received(1)	41,152,855	37,066,411

(1) Classified as operating items.

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

Scotia Private Short-Mid Government Bond Pool (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 95.7%			
Federal Bonds – 44.5%			
	Canada Housing Trust No. 1		
605,475,000	2.75% due Jun. 15, 2016	621,262,196	619,748,907
90,000,000	2.65% due Mar. 15, 2022	91,394,767	93,979,482
15,000,000	2.90% due Jun. 15, 2024	15,616,723	15,828,309
		<u>728,273,686</u>	<u>729,556,698</u>
Provincial Bonds – 51.2%			
	Financement-Quebec		
95,000,000	2.40% due Dec. 1, 2018	95,871,150	97,835,375
50,000,000	2.45% due Dec. 1, 2019	49,999,000	51,454,993
	Province of Alberta		
100,000,000	2.00% due Jun. 1, 2019	100,464,100	101,730,446
	Province of New Brunswick		
40,000,000	3.35% due Dec. 3, 2021	41,828,800	42,853,822
67,200,000	2.85% due Jun. 2, 2023	66,251,256	68,989,860
	Province of Nova Scotia		
45,000,000	4.10% due Jun. 1, 2021	49,277,100	50,330,934
	Province of Ontario		
185,000,000	4.40% due Jun. 2, 2019	204,975,475	206,258,309
205,000,000	3.50% due Jun. 2, 2024	215,566,800	220,301,108
		<u>824,233,681</u>	<u>839,754,847</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,552,507,367</u>	<u>1,569,311,545</u>
	Futures Contracts – 0.0%		677,600
	OTHER ASSETS, LESS LIABILITIES – 4.3%		70,094,408
	NET ASSETS – 100.0%		<u>1,640,083,553</u>

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(350)	Canada 10 Year Bond Future – Mar. 2015	(47,824,483)	(48,482,000)	<u>(657,517)</u>

The above futures contracts are financial agreements to purchase/sell the bonds at a contracted price on a specific future date. However, the Fund does not intend to purchase the bonds on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of A+ by Standard & Poor's.

Scotia Private Short-Mid Government Bond Pool

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide regular interest income and modest capital gains. It invests primarily in:
- bonds and treasury bills issued or guaranteed by Canadian federal, provincial and municipal governments, or any agency of such governments.
 - money market instruments of Canadian issuers. These include commercial paper, bankers' acceptances, asset-backed or mortgage-backed securities and guaranteed investment certificates.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$1,294,963,832	\$1,232,989,390
Revaluation of Investments at FVTPL	429,511	415,830
Net assets attributable to holders of redeemable units	\$1,295,393,343	\$1,233,405,220

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$3,455,245
Revaluation of Investments at FVTPL	13,681
Increase (decrease) in net assets attributable to holders of redeemable units	\$3,468,926

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ –	\$ –	\$ –
1-3 years	619,748,904	380,481,054	199,694,551
3-5 years	457,279,125	422,353,228	183,477,723
5-10 years	492,283,516	487,294,071	834,452,650
> 10 years	–	–	–
Total	\$1,569,311,545	\$1,290,128,353	\$1,217,624,924

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$16,479,857 or approximately 1.0% (December 31, 2013 – \$15,476,925 or approximately 1.2%, January 1, 2013 – \$16,217,565 or approximately 1.3%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia Private Short-Mid Government Bond Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk as the Fund did not hold any equities or commodities.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
AAA	53.0	50.7	57.2	57.0	62.2	61.4
AA	27.2	26.0	27.2	27.1	24.6	24.3
A	19.8	19.0	15.6	15.5	13.2	13.0
Total	100.0	95.7	100.0	99.6	100.0	98.7

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ -	\$1,219,293	\$ -	\$379,691	\$ -	\$663,922
Redeemable units	1,640,083,553	-	1,295,393,343	-	1,233,405,220	-
	\$1,640,083,553	\$1,219,293	\$1,295,393,343	\$379,691	\$1,233,405,220	\$663,922

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Federal Bonds	44.5	57	61.4
Provincial Bonds	51.2	42.6	37.3
Futures Contracts	0.0	0.0	0.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ -	\$1,569,311,545	\$ -	\$1,569,311,545
Future Contracts (Short)	(657,517)	-	-	(657,517)
	\$(657,517)	\$1,569,311,545	\$ -	\$1,568,654,028

December 31, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ -	\$1,290,128,353	\$ -	\$1,290,128,353
Futures Contracts (Short)	635,950	-	-	635,950
	\$ 635,950	\$1,290,128,353	\$ -	\$1,290,764,303

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

Scotia Private Short-Mid Government Bond Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$1,217,624,925	\$ –	\$1,217,624,925
Futures Contracts (Short)	81,200	–	–	81,200
	\$ 81,200	\$1,217,624,925	\$ –	\$1,217,706,125

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series I	10.61	10.61	10.38	10.38
Series M	10.61	10.61	10.38	10.38

Scotia Mortgage Income Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$138,041,488	\$269,371,247	\$290,387,261
Cash	19,274,699	27,953,852	29,231,291
Accrued investment income	231,355	372,253	422,312
Subscriptions receivable	99,693	53,114	42,050
Mortgage payments receivable	165,190	973,656	755,314
	<u>157,812,425</u>	<u>298,724,122</u>	<u>320,838,228</u>
LIABILITIES			
Current liabilities			
Distributions payable	81	140	116
Redemptions payable	244,244	118,885	102,293
	<u>244,325</u>	<u>119,025</u>	<u>102,409</u>
Net Assets attributable to holders of redeemable units	<u>\$157,568,100</u>	<u>\$298,605,097</u>	<u>\$320,735,819</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$121,873,510	\$152,001,209	\$195,837,906
Series F Units	\$ 376,586	\$ 922,801	\$ 1,555,088
Series I Units	\$ 1,332,703	\$145,681,087	\$123,342,825
Series M Units	\$ 33,985,301	\$ —	\$ —
UNITS OUTSTANDING			
Series A Units	11,421,396	14,152,913	18,130,071
Series F Units	35,365	86,127	144,342
Series I Units	125,654	13,652,839	11,492,364
Series M Units	3,419,231	—	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 10.67	\$ 10.74	\$ 10.80
Series F Units	\$ 10.65	\$ 10.71	\$ 10.77
Series I Units	\$ 10.61	\$ 10.67	\$ 10.73
Series M Units	\$ 9.94	\$ —	\$ —

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 8,861,810	\$10,676,122
Net realized gain (loss) on non-derivative financial assets	(313,445)	1,295
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(800,168)	(1,630,170)
Net gain (loss) on investments	<u>7,748,197</u>	<u>9,047,247</u>
Other income	2,384	2,480
Total income (loss)	<u>7,750,581</u>	<u>9,049,727</u>
EXPENSES		
Management fees (note 5)	1,738,210	2,152,856
Administration fees (note 6)	292,810	—
Harmonized Sales Tax/Goods and Services Tax	314,880	374,058
Audit fees	8,250	9,915
Independent Review Committee fees	571	559
Custodian fees	(6)	—
Filing fees	12,451	22,658
Legal fees	4,003	1,572
Unitholder reporting costs	16,439	20,286
Unitholder administration and service fees	85,488	158,799
Mortgage service fees	710,168	987,773
Overdraft charges	—	229
Total expenses	<u>3,183,264</u>	<u>3,728,705</u>
Absorbed expenses	(148,343)	(46,604)
Net expenses	<u>3,034,921</u>	<u>3,682,101</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 4,715,660</u>	<u>\$ 5,367,626</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 1,506,192	\$ 1,870,943
Series F Units	\$ 14,145	\$ 20,800
Series I Units	\$ 2,806,368	\$ 3,475,883
Series M Units	\$ 388,955	\$ —
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.12	\$ 0.12
Series F Units	\$ 0.25	\$ 0.19
Series I Units	\$ 0.33	\$ 0.28
Series M Units	\$ 0.16	\$ —
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	12,794,729	15,931,429
Series F Units	57,498	109,031
Series I Units	8,572,628	12,414,758
Series M Units	2,448,498	—

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

Scotia Mortgage Income Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 152,001,209	\$ 195,837,906
Series F Units	922,801	1,555,088
Series I Units	145,681,087	123,342,825
	<u>298,605,097</u>	<u>320,735,819</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	1,506,192	1,870,943
Series F Units	14,145	20,800
Series I Units	2,806,368	3,475,883
Series M Units	388,955	–
	<u>4,715,660</u>	<u>5,367,626</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(2,318,055)	(2,867,574)
Series F Units	(14,195)	(27,377)
Series I Units	(3,025,578)	(4,228,067)
Series M Units	(675,379)	–
	<u>(6,033,207)</u>	<u>(7,123,018)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	9,012,434	8,214,151
Series F Units	20,300	142,619
Series I Units	11,438,868	18,862,379
Series M Units	44,868,418	–
Reinvested distributions		
Series A Units	2,203,658	2,730,555
Series F Units	13,447	26,067
Series I Units	3,025,578	4,228,067
Payments on redemption		
Series A Units	(40,531,928)	(53,784,772)
Series F Units	(579,912)	(794,396)
Series I Units	(158,593,620)	–
Series M Units	(10,596,693)	–
	<u>(139,719,450)</u>	<u>(20,375,330)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(30,127,699)	(43,836,697)
Series F Units	(546,215)	(632,287)
Series I Units	(144,348,384)	22,338,262
Series M Units	33,985,301	–
	<u>(141,036,997)</u>	<u>(22,130,722)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	121,873,510	152,001,209
Series F Units	376,586	922,801
Series I Units	1,332,703	145,681,087
Series M Units	33,985,301	–
	<u>\$ 157,568,100</u>	<u>\$ 298,605,097</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 4,715,660	\$ 5,367,626
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	313,445	(1,295)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	800,168	1,630,170
Purchases of non-derivative financial assets	(219,228,401)	(218,388,693)
Proceeds from sale of non-derivative financial assets	350,253,013	237,557,489
Accrued investment income	140,898	50,059
Net cash provided by (used in) operating activities	<u>136,994,783</u>	<u>26,215,356</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	65,293,441	27,208,085
Amounts paid on redemption of redeemable units	(210,176,794)	(54,562,576)
Distributions to unitholders of redeemable units	(790,583)	(138,304)
Net cash provided by (used in) financing activities	<u>(145,673,936)</u>	<u>(27,492,795)</u>
Net increase (decrease) in cash	(8,679,153)	(1,277,439)
Cash (Bank Indebtedness) at beginning of period	27,953,852	29,231,291
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 19,274,699</u>	<u>\$ 27,953,852</u>
Interest received(1)	8,996,250	10,726,181

(1) Classified as operating items.

Scotia Mortgage Income Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Interest Rate (%)	Number	Principal Balance (\$)	Amortized Cost (\$)	Market Value (\$)
CONVENTIONAL MORTGAGES – 87.6%				
0.50 – 0.74	1	216,759	210,345	210,801
1.00 – 1.24	1	109,775	106,403	107,463
2.25 – 2.49	14	2,682,622	2,680,431	2,634,179
2.50 – 2.74	41	7,640,227	7,644,083	7,591,681
2.75 – 2.99	394	43,382,406	43,454,081	43,488,644
3.00 – 3.24	56	6,184,184	6,203,287	6,220,644
3.25 – 3.49	163	25,422,824	25,477,105	25,791,494
3.50 – 3.74	160	21,042,566	21,135,491	21,219,342
3.75 – 3.99	171	16,078,326	16,167,356	16,265,698
4.00 – 4.24	73	3,411,596	3,430,855	3,435,657
4.25 – 4.49	18	1,291,655	1,297,369	1,298,887
4.50 – 4.74	54	5,918,765	5,921,088	5,920,468
5.00 – 5.24	4	867,791	865,854	909,151
5.25 – 5.49	5	905,350	905,051	960,792
5.50 – 5.74	8	747,144	750,416	784,896
5.75 – 5.99	4	669,030	675,226	705,324
6.00 – 6.24	1	15,701	16,190	16,234
6.25 – 6.49	3	336,898	341,112	349,861
6.50 – 6.74	1	14,254	14,532	15,082
7.00 – 7.24	1	104,580	109,075	115,190
TOTAL	1,173	137,042,453	137,405,350	138,041,488
TOTAL INVESTMENT PORTFOLIO			137,405,350	138,041,488
OTHER ASSETS, LESS LIABILITIES – 12.4%				19,526,612
NET ASSETS – 100.0%				157,568,100

Mortgages by Type of Property

As at December 31, 2014

	Number of Mortgages	Principal Balance (\$)	Market Value (\$)
Single Family Dwelling	989	114,852,181	115,808,651
Condominiums	112	12,878,334	12,904,888
Multi-Unit Dwelling of up to 8 Units	72	9,311,938	9,327,949
TOTAL	1,173	137,042,453	138,041,488

Mortgages by Geographic Location

As at December 31, 2014

	Number of Mortgages	Principal Balance (\$)	Market Value (\$)
Ontario	442	52,812,176	53,215,687
Alberta	170	24,665,522	24,830,307
British Columbia	166	24,749,986	24,954,613
Quebec	135	15,490,774	15,593,785
Nova Scotia	75	4,404,934	4,428,957
Newfoundland and Labrador	49	3,400,008	3,419,283
New Brunswick	58	3,803,026	3,826,747
Saskatchewan	36	4,072,646	4,104,542
Manitoba	32	2,566,824	2,585,765
Prince Edward Island	10	1,076,557	1,081,802
	1,173	137,042,453	138,041,488

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

Scotia Mortgage Income Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide regular interest income. It invests primarily in high quality mortgages on residential properties in Canada. The mortgages purchased by the Fund are generally either:
- insured or guaranteed by Canadian federal or provincial governments or their agencies, or
 - conventional first mortgages with loan-to-value ratios of no more than 80%, unless the excess is insured by an insurance company registered or licensed under federal or provincial legislation.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's portfolio of bond and debenture instruments.

	December 31, 2014	December 31, 2013	January 1, 2013
	Percentage of Net Assets (%)	Percentage of Net Assets (%)	Percentage of Net Assets (%)
Mortgages of more than 7 years to 10 years	0.1	0.3	0.1
Mortgages of more than 6 years to 7 years	–	0.1	0.1
Mortgages of more than 5 years to 6 years	–	0.0	0.1
Mortgages of more than 4 years to 5 years	6.1	3.7	6.9
Mortgages of more than 3 years to 4 years	2.8	9.4	16.6
Mortgages of more than 2 years to 3 years	6.7	27.3	18.0
Mortgages of more than 1 years to 2 years	36.5	18.9	19.6
Mortgages of more than 6 months to 1 year	10.9	3.4	7.0
Mortgages of 6 months or less	24.5	27.1	22.1
Total	87.6	90.2	90.5

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$488,406 or approximately 0.3% (December 31, 2013 – \$1,126,808 or approximately 0.4%, January 1, 2013 – \$1,283,111 or approximately 0.4%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk as the Fund did not hold any equities or commodities.

- iv) Credit risk

As the Fund invests primarily in mortgages, this represents the main concentration of credit risk. The market value of debt instruments includes consideration of the creditworthiness of the issuer and accordingly, represents the maximum credit risk exposure to the Fund. The Bank of Nova Scotia ("Scotiabank") will buy any mortgage that is in default if it was purchased from Scotia Mortgage Corporation or from Scotiabank.

Scotia Mortgage Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$244,325	\$ –	\$119,025	\$ –	\$102,409
Redeemable units	157,568,100	–	298,605,097	–	320,735,819	–
	\$157,568,100	\$244,325	\$298,605,097	\$119,025	\$320,735,819	\$102,409

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Conventional Mortgages	87.6	90.2	90.5

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Conventional Mortgages	\$ –	\$138,041,488	\$ –	\$138,041,488

December 31, 2013	Level 1	Level 2	Level 3	Total
Conventional Mortgages	\$ –	\$269,371,247	\$ –	\$269,371,247

January 1, 2013	Level 1	Level 2	Level 3	Total
Conventional Mortgages	\$ –	\$290,387,261	\$ –	\$290,387,261

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia Mortgage Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.67	10.67	10.74	10.74
Series F	10.65	10.65	10.72	10.71
Series I	10.61	10.61	10.67	10.67
Series M	9.94	9.94	—	—

Scotia Floating Rate Income Fund

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$629,434,280
Unrealized gain on currency forward contracts	83,119
Cash*	21,104,521
Accrued investment income	4,748,197
Subscriptions receivable	446,645
	<u>655,816,762</u>
LIABILITIES	
Current liabilities	
Redemptions payable	129,057
Unrealized loss on currency forward contracts	3,691,332
Unrealized loss on swap contracts	4,924,098
	<u>8,744,487</u>
Net Assets attributable to holders of redeemable units	<u>\$647,072,275</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series I Units	\$577,590,229
Series M Units	<u>\$ 69,482,046</u>
UNITS OUTSTANDING	
Series I Units	57,802,334
Series M Units	<u>6,959,193</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series I Units	\$ 9.99
Series M Units	<u>\$ 9.98</u>

* \$5,755,000 held by brokers as collateral for swap contracts

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Interest for distribution purposes	\$14,155,873
Net realized gain (loss) on non-derivative financial assets	(527,552)
Net realized gain (loss) on currency forwards	(2,689,840)
Net realized gain (loss) on swap contracts	(34,664)
Net gain (loss) foreign exchange	(36,997)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	8,649,984
Change in unrealized appreciation (depreciation) of currency forwards	(3,608,213)
Change in unrealized appreciation (depreciation) of swap contracts	(4,924,098)
Net gain (loss) on investments	<u>10,984,493</u>
Securities lending	21,055
Total income (loss)	<u>11,005,548</u>
EXPENSES	
Management fees (note 5)	45,276
Administration fees (note 6)	75,248
Harmonized Sales Tax/Goods and Services Tax	15,969
Audit fees	10,711
Independent Review Committee fees	946
Filing fees	316
Legal fees	1,334
Unitholder reporting costs	5,908
Unitholder administration and service fees	33,980
Overdraft charges	260
Total expenses	<u>189,948</u>
Absorbed expenses	(3)
Net expenses	<u>189,945</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$10,815,603</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series I Units	\$ 9,577,305
Series M Units	<u>\$ 1,238,298</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series I Units	\$ 0.20
Series M Units	<u>\$ 0.17</u>
WEIGHTED AVERAGE NUMBER OF UNITS	
Series I Units	48,766,617
Series M Units	<u>7,183,203</u>

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

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series I Units	\$ –
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series I Units	9,577,305
Series M Units	<u>1,238,298</u>
	<u>10,815,603</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series I Units	(10,895,639)
Series M Units	<u>(1,524,236)</u>
	<u>(12,419,875)</u>
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series I Units	570,981,143
Series M Units	<u>120,461,607</u>
Reinvested distributions	
Series I Units	10,895,639
Payments on redemption	
Series I Units	(2,968,219)
Series M Units	<u>(50,693,623)</u>
	<u>648,676,547</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series I Units	577,590,229
Series M Units	<u>69,482,046</u>
	<u>647,072,275</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series I Units	577,590,229
Series M Units	<u>69,482,046</u>
	<u>\$647,072,275</u>

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 10,815,603
Adjustments For:	
Net realized (gain) loss on sale of non-derivative financial assets	527,552
Net realized (gain) loss foreign exchange on cash	36,997
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(8,649,984)
Change in unrealized (appreciation) depreciation of forward currency contracts	3,608,213
Change in unrealized (appreciation) depreciation of swap contracts	4,924,098
Purchases of non-derivative financial assets	(1,215,236,787)
Proceeds from sale of non-derivative financial assets	593,924,939
Accrued investment income	<u>(4,748,197)</u>
Net cash provided by (used in) operating activities	<u>(614,797,566)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	690,996,105
Amounts paid on redemption of redeemable units	(53,532,785)
Distributions to unitholders of redeemable units	<u>(1,524,236)</u>
Net cash provided by (used in) financing activities	<u>635,939,084</u>
Net realized (gain) loss foreign exchange on cash	(36,997)
Net increase (decrease) in cash	<u>21,141,518</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 21,104,521</u>
Interest received(1)	<u>9,407,676</u>

** Fund's inception date was January 27, 2014. Accordingly, there were no comparative figures shown.

(1) Classified as operating items.

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

Scotia Floating Rate Income Fund

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBT INSTRUMENTS – 97.3%				BOND AND DEBT INSTRUMENTS (cont'd)			
Mortgage-Backed Securities – 1.5%				Corporate Bonds (cont'd)			
3,300,000	BlueMountain CLO Ltd., Series 2013-1A, Class 1A (Floating Rate) 1.43% due May 15, 2025	3,610,203	3,775,792	1,250,000	Choice Properties LP 3.00% due Apr. 20, 2017	1,277,788	1,275,428
5,000,000	BlueMountain CLO Ltd., Series 2014-1A, Class A (Floating Rate) 1.75% due Apr. 30, 2026	5,592,226	5,781,806	2,500,000	3.00% due Sep. 20, 2019	2,495,275	2,540,245
		9,202,429	9,557,598	17,000,000	3.60% due Apr. 20, 2020	17,368,728	17,652,349
Corporate Bonds – 95.8%				1,000,000	Choice Properties Real Estate Investment Trust 3.55% due Jul. 5, 2018	1,042,120	1,040,979
4,900,000	Algonquin Power & Utilities Corporation 4.82% due Feb. 15, 2021	5,237,762	5,253,845	1,200,000	CIT Group Inc. 4.25% due Aug. 15, 2017	1,360,195	1,430,892
5,450,000	AltaGas Ltd. 4.07% due Jun. 1, 2020	5,733,360	5,817,057	2,000,000	5.25% due Mar. 15, 2018	2,299,190	2,437,043
6,350,000	AltaGas Ltd. (Floating Rate) 0.98% due Mar. 24, 2016	7,079,540	7,325,860	5,050,000	3.88% due Feb. 19, 2019	5,510,083	5,853,505
6,000,000	American Express Canada 2.31% due Mar. 29, 2018	6,005,940	6,066,334	1,600,000	Citigroup Inc. 2.55% due Apr. 8, 2019	1,762,487	1,880,515
12,789,000	Aon Corporation 4.76% due Mar. 8, 2018	13,787,816	13,612,494	9,675,000	CNH Industrial Capital LLC 3.38% due Jul. 15, 2019	10,318,185	10,769,767
3,000,000	Ares CLO Ltd. (Floating Rate) 1.62% due Jan. 17, 2024	3,246,622	3,458,492	2,500,000	Cominar Real Estate Investment Trust 4.27% due Jun. 15, 2017	2,604,538	2,601,595
3,300,000	ARES XXVI CLO Ltd. (Floating Rate) 1.33% due Apr. 15, 2025	3,607,736	3,763,013	8,275,000	3.62% due Jun. 21, 2019	8,293,949	8,406,843
4,000,000	AT&T Inc. 2.30% due Mar. 11, 2019	4,414,985	4,675,734	3,500,000	4.23% due Dec. 4, 2019	3,505,355	3,624,765
1,000,000	Bank of America Corporation (Floating Rate) 0.84% due Aug. 25, 2017	1,094,403	1,160,001	1,300,000	4.25% due Dec. 8, 2021	1,300,000	1,316,726
5,000,000	Bank of America, N.A. 1.25% due Feb. 14, 2017	5,502,429	5,789,283	2,500,000	Crombie Real Estate Investment Trust 3.96% due Jun. 1, 2021	2,509,825	2,580,896
8,000,000	Bank of Montreal 3.98% due Jul. 8, 2016	8,374,720	8,248,083	3,950,000	Daimler Canada Finance Inc. 2.23% due Apr. 18, 2016	3,987,920	3,976,924
7,000,000	2.24% due Dec. 11, 2017	7,019,390	7,075,550	4,900,000	2.27% due Mar. 26, 2018	4,899,608	4,947,292
3,200,000	Bank of Nova Scotia, The 3.21% due Sep. 13, 2018	3,328,000	3,337,813	12,400,000	Dollarama Inc. 3.10% due Nov. 5, 2018	12,593,816	12,658,732
3,600,000	2.24% due Mar. 22, 2018	3,625,442	3,634,110	2,000,000	Dream Office Real Estate Investment Trust 3.42% due Jun. 13, 2018	2,003,198	2,032,645
10,000,000	Bank of Nova Scotia, The (callable) 2.90% due Aug. 3, 2022(2017)	10,211,500	10,221,831	3,900,000	4.07% due Jan. 21, 2020	3,948,622	4,016,015
3,000,000	bdlMC Realty Corporation 2.79% due Aug. 2, 2018	3,069,600	3,092,768	4,183,000	Enbridge Inc. 4.85% due Nov. 12, 2020	4,572,354	4,630,729
1,000,000	2.96% due Mar. 7, 2019	1,024,150	1,035,898	127,000	Enbridge Income Fund 4.10% due Feb. 22, 2019	135,101	134,764
500,000	Bell Aliant Regional Communications, Limited Partnership (Floating Rate) 1.80% due Apr. 22, 2016	500,000	500,450	382,000	First Capital Realty Inc. 4.95% due Nov. 30, 2018	417,106	416,171
5,000,000	5.41% due Sep. 26, 2016	5,417,900	5,301,942	2,700,000	Ford Credit Canada Limited 3.70% due Aug. 2, 2018	2,819,988	2,820,588
4,500,000	4.37% due Sep. 13, 2017	4,792,680	4,776,366	9,000,000	2.94% due Feb. 19, 2019	9,001,003	9,149,729
3,150,000	4.88% due Apr. 26, 2018	3,417,061	3,421,983	2,400,000	GATX Corp. 2.50% due Jul. 30, 2019	2,670,006	2,797,001
5,750,000	5.00% due Feb. 15, 2017	6,231,078	6,120,510	6,350,000	General Electric Capital Corporation 2.42% due May 31, 2018	6,370,766	6,453,914
2,500,000	4.40% due Mar. 16, 2018	2,679,325	2,675,542	5,700,000	General Motors Financial Co., Inc. 2.75% due May 15, 2016	6,421,157	6,711,110
5,000,000	3.50% due Sep. 10, 2018	5,173,700	5,230,286	14,700,000	General Motors Financial of Canada Ltd. 3.25% due May 30, 2017	14,702,341	14,842,034
3,000,000	BMW Canada Inc. 2.33% due Sep. 26, 2018	2,998,860	3,035,244	4,000,000	Genesis Trust II (Floating Rate) 2.43% due May 15, 2019	4,000,000	4,059,553
9,000,000	Brookfield Asset Management Inc. 3.95% due Apr. 9, 2019	9,333,540	9,468,123	950,000	Glacier Credit Card Trust 2.57% due Sep. 20, 2019	950,000	963,950
200,000	Caisse Centrale Desjardins 1.55% due Sep. 12, 2017	219,180	232,015	9,900,000	Goldman Sachs Group, Inc. 3.38% due Feb. 1, 2018	10,160,222	10,213,607
5,000,000	Calloway Real Estate Investment Trust 3.75% due Feb. 11, 2021	5,003,950	5,168,795	1,250,000	H&R Real Estate Investment Trust 5.90% due Feb. 3, 2017	1,371,888	1,343,947
4,658,000	Cameco Corporation 5.67% due Sep. 2, 2019	5,258,460	5,209,401	3,500,000	3.34% due Jun. 20, 2018	3,537,485	3,592,697
2,700,000	Canadian Imperial Bank of Commerce 2.22% due Mar. 7, 2018	2,716,038	2,724,793	4,000,000	4.45% due Mar. 2, 2020	4,168,560	4,268,954
2,750,000	2.35% due Jun. 24, 2019	2,757,535	2,779,497	1,000,000	HCA Inc. 3.75% due Mar. 15, 2019	1,107,849	1,166,740
2,690,000	Canadian Imperial Bank of Commerce (callable) 3.00% due Oct. 28, 2024(2019)	2,689,381	2,722,583	2,100,000	4.25% due Sep. 15, 2019	2,339,143	2,493,972
8,400,000	Chesapeake Energy Corporation (callable) (Floating Rate) 3.48% due Apr. 15, 2019(2015)	9,266,360	9,545,167	3,750,000	Hollis Receivables Term Trust 2.24% due Sep. 26, 2016	3,789,488	3,787,125
				11,300,000	2.43% due Jun. 26, 2019	11,308,456	11,434,786
				5,855,000	HSBC Bank of Canada 2.57% due Nov. 23, 2015	5,949,908	5,908,003
				2,500,000	2.94% due Jan. 14, 2020	2,548,450	2,575,854

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

Scotia Floating Rate Income Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
1,000,000	HSBC Bank of Canada (Floating Rate) 2.49% due May 13, 2019	1,000,000	1,014,889	5,800,000	Royal Bank of Canada (callable) 3.18% due Nov. 2, 2020-(2015)	5,934,594	5,871,110
3,500,000	HSBC USA Inc. 2.25% due Jun. 23, 2019	3,784,727	4,075,630	18,700,000	3.04% due Jul. 17, 2024-(2019) Royal Bank of Canada	18,696,632	19,009,890
3,700,000	Industrial Alliance Insurance & Financial Services Inc. (callable) 4.75% due Dec. 14, 2021-(2016)	3,942,570	3,894,827	5,000,000	2.77% due Dec. 11, 2018 Saputo Inc.	5,096,250	5,132,642
16,700,000	JPMorgan Chase & Co. 2.92% due Sep. 19, 2017	17,060,317	17,105,291	2,625,000	2.65% due Nov. 26, 2019 Seneca Park CLO Ltd. (Floating Rate)	2,625,000	2,656,127
4,000,000	JPMorgan Chase & Co. (callable) 3.19% due Mar. 5, 2021	3,998,520	4,088,929	3,000,000	1.70% due Jul. 17, 2026 Shaw Communications Inc.	3,266,753	3,481,493
1,200,000	JPMorgan Chase & Co. (Floating Rate) 5.00% due Dec. 29, 2049-(Jul. 1, 2019)	1,308,059	1,373,984	7,000,000	5.65% due Oct. 1, 2019 Sobeys Inc. (Floating Rate)	7,896,630	7,946,123
4,750,000	Kellogg Canada Inc. 0.75% due Feb. 15, 2017	5,271,989	5,505,414	2,900,000	1.90% due Jul. 14, 2016 Standard Life Canada (callable)	2,900,000	2,897,709
3,000,000	Lennar Corporation (callable) 4.50% due Nov. 15, 2019-(Aug. 15, 2019)	2,999,400	3,010,253	12,907,000	3.94% due Sep. 21, 2022 -(2017) Sun Life Financial Inc.	13,578,912	13,519,899
2,250,000	Manufacturers Life Insurance Company (callable) 4.21% due Nov. 18, 2021-(2016)	2,542,287	2,607,410	11,750,000	4.38% due Mar. 2, 2017 Tim Hortons Inc.	12,477,643	12,352,145
2,500,000	Manulife Bank of Canada 2.38% due Oct. 17, 2016	2,640,625	2,606,024	1,100,000	4.20% due Jun. 1, 2017 8,675,000	1,167,155	1,114,244
5,000,000	Master Credit Card Trust 2.72% due Nov. 21, 2018	5,060,250	5,051,104	500,000	2.85% due Apr. 1, 2019 Tim Hortons, Inc. (callable)	508,750	506,356
9,000,000	Molson Coors International LP 3.95% due Oct. 6, 2017	9,132,230	9,235,730	13,300,000	4.52% due Dec. 1, 2023-(Sep. 1, 2023) Toronto-Dominion Bank, The (callable) (Floating Rate)	13,657,120	13,481,353
6,900,000	Octagon Investment Partners XIX Ltd. (Floating Rate) 1.75% due Apr. 15, 2026	7,246,073	7,211,073	2,000,000	3.37% due Nov. 2, 2020-(2015) Toyota Credit Canada Inc.	2,033,440	2,054,129
8,000,000	OMERS 2.971% 4/5/21 2.97% due Apr. 5, 2021	8,823,322	9,300,445	2,100,000	2.75% due Jul. 18, 2018 2.25% due May 23, 2019	2,096,241	2,113,506
4,200,000	Omers Realty Corporation 2.47% due Nov. 12, 2019	4,203,576	4,336,349	3,000,000	5.00% due Nov. 25, 2020 Veresen Inc.	3,164,340	3,136,214
2,400,000	OZLM Ltd. (Floating Rate) 1.72% due Oct. 17, 2026	2,400,000	2,424,600	4,750,000	3.95% due Mar. 14, 2017 3,200,000	4,967,313	4,923,369
5,250,000	Penske Truck Leasing Canada 3.65% due Feb. 1, 2018	5,701,635	6,080,904	1,350,000	3.06% due Jun. 13, 2019 Verizon Communications Inc.	3,194,298	3,222,642
2,500,000	Penske Truck Leasing Canada (callable) 3.05% due Jan. 9, 2020-(Dec. 9, 2019)	2,705,544	2,902,703	1,500,000	2.55% due Jun. 17, 2019 VW Credit Canada, Inc.	1,496,305	1,589,450
6,750,000	Pinnacle Park CLO Class A (Floating Rate) 1.73% due Apr. 15, 2026	7,029,100	6,989,198	1,250,000	2.50% due Oct. 1, 2019 Wachovia Capital Trust III (callable) (Floating Rate)	1,499,160	1,518,454
5,000,000	RioCan Real Estate Investment Trust 2.87% due Mar. 5, 2018	5,511,525	5,807,648	3,000,000	5.57% due Oct. 17, 2014 (Mar. 29, 2049) Washington Mill CLO Ltd. (Floating Rate)	3,289,647	3,465,991
1,127,000	Rogers Communications Inc. 5.80% due May 26, 2016	1,139,264	1,146,642	12,584,000	1.73% due Apr. 20, 2026 Wells Fargo Financial Canada Corporation	12,752,095	12,916,119
5,500,000	Rogers Communications, Inc. (Floating Rate) 2.80% due Mar. 13, 2019	5,719,725	5,774,647	2,250,000	2.78% due Nov. 15, 2018 2.94% due Jul. 25, 2019	2,295,248	2,325,471
900,000	3.62% due Jun. 1, 2020	913,509	932,274			611,581,867	619,876,682
2,255,000					TOTAL INVESTMENT PORTFOLIO	620,784,296	629,434,280
7,500,000					Currency Forward Contracts – (0.6%)		(3,608,213)
3,500,000					Swap Contracts – (0.8%)		(4,924,098)
					OTHER ASSETS, LESS LIABILITIES – 4.1%		26,170,306
					NET ASSETS – 100.0%		647,072,275

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	27,503,750	U.S. Dollar	25,000,000	29,039,715	(1,535,965)
Jan. 15, 2015	Canadian Dollar	5,269,191	U.S. Dollar	4,600,000	5,343,307	(74,116)
Jan. 15, 2015	Canadian Dollar	2,271,956	U.S. Dollar	2,000,000	2,323,177	(51,221)
Feb. 18, 2015	Canadian Dollar	29,830,570	U.S. Dollar	26,600,000	30,939,586	(1,109,016)
Mar. 19, 2015	Canadian Dollar	33,996,000	U.S. Dollar	30,000,000	34,917,014	(921,014)
Apr. 16, 2015	Canadian Dollar	30,713,666	U.S. Dollar	26,300,000	30,630,547	83,119
						(3,608,213)

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

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

Scotia Floating Rate Income Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO INTEREST RATE SWAP CONTRACTS

Description	Counterparty	Currency	Termination Date	Notional Amount (\$)	Interest Rate %	Appreciation/ (Depreciation) (\$)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Feb. 4, 2019	1,000,000	1.906%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Feb. 4, 2019	(1,000,000)	1.274%	(11,475)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Feb. 4, 2019	5,000,000	1.933%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Feb. 4, 2019	(5,000,000)	1.274%	(63,326)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Feb. 5, 2016	10,000,000	1.293%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Feb. 5, 2016	(10,000,000)	1.274%	3,946
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Feb. 5, 2017	25,000,000	1.485%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Feb. 5, 2017	(25,000,000)	1.274%	(39,453)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Feb. 5, 2018	25,000,000	1.731%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Feb. 5, 2018	(25,000,000)	1.274%	(165,887)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Feb. 5, 2019	25,000,000	1.970%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Feb. 5, 2019	(25,000,000)	1.274%	(356,978)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Feb. 6, 2018	15,000,000	1.751%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Feb. 6, 2018	(15,000,000)	1.273%	(109,328)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Feb. 6, 2019	20,000,000	1.995%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Feb. 6, 2019	(20,000,000)	1.273%	(307,027)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Feb. 6, 2020	10,000,000	2.208%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Feb. 6, 2020	(10,000,000)	1.273%	(245,649)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Feb. 7, 2020	10,000,000	2.188%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Feb. 7, 2020	(10,000,000)	1.273%	(234,800)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Feb. 11, 2019	20,000,000	2.003%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Feb. 11, 2019	(20,000,000)	1.273%	(311,273)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Feb. 14, 2018	15,000,000	1.804%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Feb. 14, 2018	(15,000,000)	1.273%	(135,007)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Feb. 21, 2016	25,000,000	1.325%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Feb. 21, 2016	(25,000,000)	1.273%	(855)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Feb. 21, 2018	15,000,000	1.779%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Feb. 21, 2018	(15,000,000)	1.273%	(120,055)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Feb. 26, 2019	10,000,000	1.950%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Feb. 26, 2019	(10,000,000)	1.273%	(129,410)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Feb. 26, 2021	5,000,000	2.342%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Feb. 26, 2021	(5,000,000)	1.273%	(148,606)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Bank of Nova Scotia, The	CAD	Feb. 27, 2018	2,400,000	1.665%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Bank of Nova Scotia, The	CAD	Feb. 27, 2018	(2,400,000)	1.273%	(9,584)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Mar. 6, 2020	5,000,000	2.240%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Mar. 6, 2020	(5,000,000)	1.273%	(126,719)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Mar. 13, 2017	16,000,000	1.523%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Mar. 13, 2017	(16,000,000)	1.273%	(33,086)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Mar. 26, 2021	3,000,000	2.423%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Mar. 26, 2021	(3,000,000)	1.273%	(100,663)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Apr. 4, 2019	5,000,000	2.100%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Apr. 4, 2019	(5,000,000)	1.273%	(92,589)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Apr. 9, 2018	5,000,000	1.861%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Apr. 9, 2018	(5,000,000)	1.273%	(49,579)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Apr. 9, 2017	5,000,000	1.613%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Apr. 9, 2017	(5,000,000)	1.273%	(19,465)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Apr. 10, 2018	10,000,000	1.823%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Apr. 10, 2018	(10,000,000)	1.273%	(85,697)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	May. 6, 2018	5,000,000	1.815%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	May. 6, 2018	(5,000,000)	1.278%	(39,024)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	May. 7, 2020	20,000,000	2.195%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	May. 7, 2020	(20,000,000)	1.279%	(422,708)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	May. 13, 2019	5,500,000	2.005%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	May. 13, 2019	(5,500,000)	1.279%	(74,244)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	May. 15, 2019	4,000,000	1.888%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	May. 15, 2019	(4,000,000)	1.279%	(33,302)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	May. 21, 2017	5,000,000	1.559%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	May. 21, 2017	(5,000,000)	1.280%	(9,982)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	May. 22, 2019	5,000,000	1.970%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	May. 22, 2019	(5,000,000)	1.280%	(58,675)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	May. 28, 2017	16,000,000	1.530%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	May. 28, 2017	(16,000,000)	1.280%	(19,196)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Jun. 3, 2019	3,000,000	1.993%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Jun. 3, 2019	(3,000,000)	1.280%	(37,458)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Jun. 9, 2018	4,000,000	1.785%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Jun. 9, 2018	(4,000,000)	1.280%	(24,622)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Jun. 11, 2019	8,500,000	1.995%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Jun. 11, 2019	(8,500,000)	1.280%	(105,494)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Jun. 17, 2019	45,000,000	2.000%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Jun. 17, 2019	(45,000,000)	1.290%	(560,702)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Jul. 11, 2019	10,000,000	1.958%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Jul. 11, 2019	(10,000,000)	1.273%	(134,539)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Aug. 12, 2017	15,000,000	1.685%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Aug. 12, 2017	(15,000,000)	1.273%	(88,782)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	TD Securities Inc.	CAD	Sep. 17, 2019	5,000,000	2.053%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	TD Securities Inc.	CAD	Sep. 17, 2019	(5,000,000)	1.273%	(81,621)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Sep. 24, 2019	4,000,000	2.025%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Sep. 24, 2019	(4,000,000)	1.273%	(59,267)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Bank of Nova Scotia, The	CAD	Oct. 21, 2019	2,500,000	1.808%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Bank of Nova Scotia, The	CAD	Oct. 21, 2019	(2,500,000)	1.273%	(9,132)

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

Scotia Floating Rate Income Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO INTEREST RATE SWAP CONTRACTS

Description	Counterparty	Currency	Termination Date	Notional Amount (\$)	Interest Rate %	Appreciation/ (Depreciation) (\$)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Bank of Nova Scotia, The	CAD	Oct. 24, 2019	2,750,000	1.876%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Bank of Nova Scotia, The	CAD	Oct. 24, 2019	(2,750,000)	1.273%	(18,908)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Nov. 14, 2019	3,000,000	1.898%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Nov. 14, 2019	(3,000,000)	1.279%	(22,063)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Nov. 21, 2019	2,500,000	1.910%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Nov. 21, 2019	(2,500,000)	1.280%	(19,418)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	CAD	Nov. 30, 2017	10,000,000	1.635%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Merrill Lynch International	CAD	Nov. 30, 2017	(10,000,000)	1.280%	(27,159)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Bank of Nova Scotia, The	CAD	Dec. 3, 2019	2,500,000	1.889%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Bank of Nova Scotia, The	CAD	Dec. 3, 2019	(2,500,000)	1.280%	(16,111)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Bank of Nova Scotia, The	CAD	Dec. 3, 2021	1,500,000	2.133%	–
Fixed to Floating Interest Rate Swap – CAD-BA-CDOR Variable Rate Coupon	Bank of Nova Scotia, The	CAD	Dec. 3, 2021	(1,500,000)	1.280%	(15,777)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Bank of Nova Scotia, The	USD	Mar. 7, 2019	20,000,000	1.623%	–
Fixed to Floating Interest Rate Swap – USD-LIBOR-BBA Variable Rate Coupon	Bank of Nova Scotia, The	USD	Mar. 7, 2019	(20,000,000)	0.235%	(135,645)
Fixed to Floating Interest Rate Swap – Fixed Rate Coupon	Merrill Lynch International	USD	Dec. 10, 2019	4,450,000	1.806%	–
Fixed to Floating Interest Rate Swap – USD-LIBOR-BBA Variable Rate Coupon	Merrill Lynch International	USD	Dec. 10, 2019	(4,450,000)	0.238%	(17,704)
						<u>(4,924,098)</u>

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

Scotia Floating Rate Income Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to generate income consistent with prevailing short-term corporate bond yields while stabilizing market value from the effects of interest rate fluctuations.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014
Less than 1 year	\$ 34,805,632
1-3 years	164,280,042
3-5 years	297,294,176
5-10 years	87,291,942
> 10 years	45,762,488
Total	\$629,434,280

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$6,974,119 or approximately 1.1%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	759,428	0.1	75,943	—

- iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk as the Fund did not hold any equities or commodities.

Scotia Floating Rate Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
AAA	12.4	11.9
AA	16.2	15.7
A	29.1	28.1
BBB	34.6	33.5
BB	6.0	5.8
B	1.7	1.6
Total	100.0	96.6

v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$ 129,057
Unrealized loss currency forward contracts	–	3,691,332
Unrealized loss swap contracts	–	4,924,098
Redeemable units	647,072,275	–
	\$647,072,275	\$8,744,487

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Mortgage-Backed Securities	1.5
Corporate Bonds	95.8
Currency Forward Contracts	(0.6)
Swap Contracts	(0.8)

vii) Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$629,434,280	\$ –	\$629,434,280
Currency Forward Contracts–Assets	–	83,119	–	83,119
	–	629,517,399	–	629,517,399
Currency Forward Contracts–Liabilities	–	(3,691,332)	–	(3,691,332)
Swap Contracts–Liabilities	–	(4,924,098)	–	(4,924,098)
	\$ –	\$620,901,969	\$ –	\$620,901,969

Transfer Between Levels

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

Scotia Floating Rate Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 83,119	\$ –	\$ –	\$ 83,119
Swap contracts	–	–	–	–
Total	\$ 83,119	\$ –	\$ –	\$ 83,119

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$3,691,332	\$ –	\$ –	\$3,691,332
Swap contracts	4,924,098	–	–	4,924,098
Total	\$8,615,430	\$ –	\$ –	\$8,615,430

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2.

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series I	9.99	9.99
Series M	9.98	9.98

Scotia Conservative Income Fund

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2014*
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$5,333,659
Cash	94,641
Current liabilities	
Accrued investment income	74
Subscriptions receivable	4,327
	<u>5,432,701</u>
LIABILITIES	
Current liabilities	
Distributions payable	54
Net Assets attributable to holders of redeemable units	<u>\$5,432,647</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	<u>\$5,432,647</u>
UNITS OUTSTANDING	
Series A Units	<u>544,556</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	<u>\$ 9.98</u>

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014*
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 866
Interest for distribution purposes	91,111
Capital gains distributions received	105
Net realized gain (loss) on non-derivative financial assets	3,167
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(11,286)
Net gain (loss) on investments	<u>83,963</u>
Other income	216
Total income (loss)	<u>84,179</u>
EXPENSES	
Management fees (note 5)	36,420
Administration fees (note 6)	1,809
Harmonized Sales Tax/Goods and Services Tax	4,723
Audit fees	65
Independent Review Committee fees	6
Filing fees	316
Legal fees	6
Unitholder reporting costs	3,223
Unitholder administration and service fees	805
Overdraft charges	248
Foreign withholding taxes/tax reclaims	38
Total expenses	<u>47,659</u>
Absorbed expenses	<u>(2,360)</u>
Net expenses	<u>45,299</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 38,880</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	<u>\$ 38,880</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	<u>\$ 0.11</u>
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	<u>340,982</u>

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

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

For the period ended December 31,

	2014*
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series I Units	\$ —
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	<u>38,880</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(57,283)
From realized gain	
Series A Units	<u>(3,543)</u>
	<u>(60,826)</u>
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	7,062,617
Reinvested distributions	
Series A Units	60,027
Payments on redemption	
Series A Units	<u>(1,668,051)</u>
	<u>5,454,593</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	<u>5,432,647</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	<u>\$ 5,432,647</u>

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014*
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 38,880
Adjustments For:	
Net realized (gain) loss on sale of non-derivative financial assets	(3,167)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	11,286
Purchases of non-derivative financial assets	(6,277,362)
Proceeds from sale of non-derivative financial assets	935,584
Accrued investment income	(74)
Net cash provided by (used in) operating activities	<u>(5,294,853)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	7,058,290
Amounts paid on redemption of redeemable units	(1,668,051)
Distributions to unitholders of redeemable units	(745)
Net cash provided by (used in) financing activities	<u>5,389,494</u>
Net increase (decrease) in cash	94,641
Cash (Bank Indebtedness) at beginning of period	—
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 94,641</u>
Interest received(1)	91,037
Dividends received, net of withholding taxes(1)	828

(1) Classified as operating items.

* Fund's inception date was January 27, 2014. Accordingly, there were no comparative figures shown.

Scotia Conservative Income Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 88.3%			
133,324	Scotia Floating Rate Income Fund Series I	1,337,419	1,332,240
125,654	Scotia Mortgage Income Fund Series I	1,342,249	1,332,773
27,859	Scotia Private American Core-Plus Bond Pool Series I	262,453	266,747
28,021	Scotia Private High Yield Income Pool Series I	274,730	264,958
161,805	Scotia Short Term Bond Fund Series I	1,609,150	1,602,155
		<u>4,826,001</u>	<u>4,798,873</u>
CANADIAN EQUITY FUNDS – 9.9%			
50,168	1832 AM Canadian Preferred Share LP Series I	518,944	534,786
		<u>5,344,945</u>	<u>5,333,659</u>
	TOTAL INVESTMENT PORTFOLIO	<u>5,344,945</u>	<u>5,333,659</u>
	OTHER ASSETS, LESS LIABILITIES – 1.8%		<u>98,988</u>
	NET ASSETS – 100.0%		<u><u>5,432,647</u></u>

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

Scotia Conservative Income Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide income by investing primarily in fixed income securities. It invests primarily in a diversified mix of income mutual funds managed by us or by other mutual fund managers.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$33,400 or approximately 0.6%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 9.9% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$53,479. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$54
Redeemable units	5,432,647	–
	\$5,432,647	\$54

Scotia Conservative Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	88.3
Canadian Equity Fund	9.9

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$5,333,659	\$ –	\$ –	\$5,333,659

Transfer Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreements whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Floating Rate Income Fund Series I	647,072,278	\$1,332,240	24.5
Scotia Short Term Bond Fund Series I	65,382,865	1,602,155	29.6
1832 AM Canadian Preferred Share LP Series I	160,756,812	534,786	9.8
Scotia Private High Yield Income Pool Series I	910,438,382	264,958	4.9
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	266,747	4.9
Scotia Mortgage Income Fund Series I	157,577,022	1,332,773	24.5
		\$5,333,659	98.2

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014.

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.98	9.98

Scotia Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$91,199,018	\$354,430,217	\$366,231,713
Cash	106,492	49,728	2,048,366
Accrued investment income	628,227	2,308,671	2,198,938
Receivable for securities sold	—	—	7,757,709
Subscriptions receivable	39,106	69,110	446,084
Margin deposited on futures	210,477	76,479	29,481
	<u>92,183,320</u>	<u>356,934,205</u>	<u>378,712,291</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	7,827,312
Distributions payable	38	30	107
Redemptions payable	75,803	185,286	254,875
	<u>75,841</u>	<u>185,316</u>	<u>8,082,294</u>
Net Assets attributable to holders of redeemable units	<u>\$92,107,479</u>	<u>\$356,748,889</u>	<u>\$370,629,997</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$92,107,479	\$126,447,937	\$197,861,370
Series I Units	\$ —	\$230,300,952	\$172,768,627
UNITS OUTSTANDING			
Series A Units	8,617,945	12,368,462	18,425,540
Series I Units	—	22,522,283	16,083,470
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 10.69	\$ 10.22	\$ 10.74
Series I Units	\$ —	\$ 10.23	\$ 10.74

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$11,345,580	\$ 13,809,684
Net realized gain (loss) on non-derivative financial assets	8,126,349	(815,226)
Net realized gain (loss) on futures contracts	(1,525,399)	2,103,367
Net gain (loss) foreign exchange	—	(159)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	8,953,277	(17,584,734)
Net gain (loss) on investments	<u>26,899,807</u>	<u>(2,487,068)</u>
Securities lending	16,825	19,719
Other income	3,475	7,959
Total income (loss)	<u>26,920,107</u>	<u>(2,459,390)</u>
EXPENSES		
Management fees (note 5)	1,126,509	1,863,970
Administration fees (note 6)	31,552	—
Harmonized Sales Tax/Goods and Services Tax	132,970	215,172
Audit fees	7,760	11,626
Independent Review Committee fees	702	660
Custodian fees	3,608	6,576
Filing fees	13,864	24,856
Legal fees	1,164	1,884
Unitholder reporting costs	11,474	15,005
Unitholder administration and service fees	61,302	103,038
Overdraft charges	9	—
Transaction costs	11,189	22,171
Total expenses	<u>1,402,103</u>	<u>2,264,958</u>
Absorbed expenses	(122)	(7)
Net expenses	<u>1,401,981</u>	<u>2,264,951</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$25,518,126</u>	<u>\$ (4,724,341)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 7,924,904	\$ (3,861,795)
Series I Units	\$17,593,222	\$ (862,546)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.82	\$ (0.24)
Series I Units	\$ 0.77	\$ (0.05)
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	9,706,270	16,095,248
Series I Units	22,887,923	18,932,660

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

Scotia Bond Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 126,447,937	\$ 197,861,370
Series I Units	230,300,952	172,768,627
	<u>356,748,889</u>	<u>370,629,997</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	7,924,904	(3,861,795)
Series I Units	17,593,222	(862,546)
	<u>25,518,126</u>	<u>(4,724,341)</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(2,947,438)	(4,137,886)
Series I Units	(7,432,410)	(7,439,184)
From realized gain		
Series A Units	–	(484,567)
Series I Units	–	(865,076)
	<u>(10,379,848)</u>	<u>(12,926,713)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	10,080,338	27,957,808
Series I Units	20,503,275	58,399,871
Reinvested distributions		
Series A Units	2,865,985	4,496,013
Series I Units	7,432,410	8,304,260
Payments on redemption		
Series A Units	(52,264,247)	(95,383,006)
Series I Units	(268,397,449)	(5,000)
	<u>(279,779,688)</u>	<u>3,769,946</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(34,340,458)	(71,413,433)
Series I Units	(230,300,952)	57,532,325
	<u>(264,641,410)</u>	<u>(13,881,108)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	92,107,479	126,447,937
Series I Units	–	230,300,952
	<u>\$ 92,107,479</u>	<u>\$ 356,748,889</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 25,518,126	\$ (4,724,341)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(8,126,349)	815,226
Net realized (gain) loss foreign exchange on cash	–	159
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(8,953,277)	17,584,734
Purchases of non-derivative financial assets	(111,899,228)	(267,962,828)
Proceeds from sale of non-derivative financial assets	392,210,053	261,294,760
Accrued investment income	1,680,444	(109,733)
Change in margin accounts for futures contracts	(133,998)	(46,998)
Net cash provided by (used in) operating activities	<u>290,295,771</u>	<u>6,850,979</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	30,613,617	86,734,653
Amounts paid on redemption of redeemable units	(320,771,179)	(95,457,595)
Distributions to unitholders of redeemable units	(81,445)	(126,516)
Net cash provided by (used in) financing activities	<u>(290,239,007)</u>	<u>(8,849,458)</u>
Net realized (gain) loss foreign exchange on cash	–	(159)
Net increase (decrease) in cash	56,764	(1,998,479)
Cash (Bank Indebtedness) at beginning of period	49,728	2,048,366
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 106,492</u>	<u>\$ 49,728</u>
Interest received(1)	13,026,024	13,699,951

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 99.0%			
Federal Bonds – 38.1%			
	Canada Housing Trust No. 1		
5,485,000	2.40% due Dec. 15, 2022	5,466,365	5,611,012
3,800,000	2.35% due Sep. 15, 2023	3,565,342	3,854,320
	Government of Canada		
2,370,000	1.25% due Feb. 1, 2016	2,376,083	2,376,289
9,200,000	5.75% due Jun. 1, 2029	12,584,632	13,374,953
6,435,000	5.75% due Jun. 1, 2033	9,546,573	9,843,940
		<u>33,538,995</u>	<u>35,060,514</u>
Provincial Bonds – 29.0%			
	Hydro-Quebec		
845,000	11.00% due Aug. 15, 2020	1,319,695	1,250,639
	Province of British Columbia		
2,800,000	4.65% due Dec. 18, 2018	3,191,700	3,138,746
	Province of Ontario		
4,000,000	4.40% due Jun. 2, 2019	4,404,520	4,459,639
12,710,000	6.50% due Mar. 8, 2029	17,545,619	17,874,338
		<u>26,461,534</u>	<u>26,723,362</u>
Municipal Bonds – 1.5%			
	Municipal Finance Authority of British Columbia		
1,250,000	4.60% due Apr. 23, 2018	1,396,463	1,374,495
Mortgage-Backed Securities – 3.4%			
	Merrill Lynch Financial Assets Inc.		
735,000	4.83% due Feb. 12, 2016	646,491	754,359
785,000	4.98% due Jun. 12, 2016	692,634	815,570
	Real Estate Asset Liquidity Trust		
885,000	4.78% due Mar. 12, 2017	756,760	937,601
	Schooner Trust		
650,000	5.19% due Jun. 12, 2022	561,076	697,185
		<u>2,656,961</u>	<u>3,204,715</u>
Corporate Bonds – 27.0%			
	407 International Inc.		
650,000	4.30% due May 26, 2021	649,779	727,374
	Anheuser-Busch InBev Finance Inc.		
910,000	2.38% due Jan. 25, 2018	901,945	918,485
	Bank of Montreal		
910,000	3.21% due Sep. 13, 2018	909,954	949,191
	Bank of Nova Scotia, The (callable)		
780,000	3.04% due Oct. 18, 2024-(2019)	780,000	799,603
	Bell Canada		
650,000	3.35% due Jun. 18, 2019	655,369	676,945
	BMW Canada Inc.		
650,000	2.11% due May 26, 2016	649,805	654,228
	BRP Finance ULC		
650,000	5.14% due Oct. 13, 2020	649,747	720,874
	Canadian Natural Resources Limited		
330,000	3.05% due Jun. 19, 2019	329,792	337,231
	Canadian Natural Resources Limited (callable)		
295,000	3.55% due Jun. 3, 2024-(Mar. 3, 2024)	293,917	296,564
	Caterpillar Financial Services Limited		
650,000	2.63% due Jun. 1, 2017	649,851	663,708
	CIBC Capital Trust (callable)		
445,000	9.98% due Jun. 30, 2108-(2019)	594,934	574,934
	CU Inc.		
650,000	4.80% due Nov. 22, 2021	647,586	750,003
	Daimler Canada Finance Inc.		
650,000	2.33% due Sep. 14, 2015	649,981	653,294
	EnCana Corporation		
785,000	5.80% due Jan. 18, 2018	853,531	865,885
	GE Capital Canada Funding Company		
780,000	5.73% due Oct. 22, 2037	695,589	1,006,042

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

Scotia Bond Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBT INSTRUMENTS (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
725,000	Genesis Trust II 2.30% due Feb. 15, 2017	725,000	734,381	650,000	Suncor Energy, Inc. 5.80% due May 22, 2018	684,917	728,186
650,000	Golden Credit Card Trust 3.51% due May 15, 2016	676,442	667,193	650,000	TELUS Corporation (callable) 3.35% due Apr. 1, 2024-Jan. 2, 2024)	646,328	651,033
650,000	Great-West Lifeco Inc. 6.67% due Mar. 21, 2033	690,621	871,100	895,000	Teranet Holdings LP 5.75% due Dec. 17, 2040	895,000	1,010,394
525,000	Greater Toronto Airports Authority 3.04% due Sep. 21, 2022	524,953	546,079	525,000	Toronto Hydro Corporation 3.54% due Nov. 18, 2021	524,738	562,554
845,000	HSBC Bank of Canada 7.10% due Jun. 4, 2031	987,187	1,208,542	780,000	Toronto-Dominion Bank, The 3.23% due Jul. 24, 2024	780,000	801,864
650,000	John Deere Credit Inc. 2.94% due Jan. 14, 2020	650,000	669,722	780,000	VW Credit Canada, Inc. 2.20% due Oct. 11, 2016	779,197	786,953
625,000	Master Credit Card Trust 2.30% due Jul. 5, 2016	624,856	631,260	650,000	Wells Fargo Financial Canada Corporation 3.04% due Jan. 29, 2021	649,714	668,928
780,000	NAV Canada 2.72% due Nov. 21, 2018	780,000	800,430			23,322,471	24,835,932
650,000	Rogers Communications Inc. 5.30% due Apr. 17, 2019	696,252	740,064		TOTAL INVESTMENT PORTFOLIO	87,376,424	91,199,018
655,000	Royal Bank of Canada 4.00% due Jun. 6, 2022	652,380	694,861		Futures Contracts – 0.2%		210,477
780,000	Sun Life Financial Inc. (callable) 2.36% due Sep. 21, 2017	780,000	790,542		OTHER ASSETS, LESS LIABILITIES – 0.8%		697,984
650,000	4.95% due Jun. 1, 2036 (2016)	663,106	677,485		NET ASSETS – 100.0%		92,107,479

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(102)	Canada 10 Year Bond Future – Mar. 2015	(13,868,940)	(14,129,040)	(260,100)

The above futures contracts are financial agreements to purchase/sell the bonds at a contracted price on a specific future date. However, the Fund does not intend to purchase the bonds on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of A+ by Standard & Poor's.

Scotia Bond Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide a steady flow of income and modest capital gains. It invests primarily in high-quality fixed income securities issued by Canadian federal, provincial and municipal governments and Canadian corporations.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$356,405,904	\$370,247,467
Revaluation of Investments at FVTPL	342,985	382,530
Net assets attributable to holders of redeemable units	\$356,748,889	\$370,629,997

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$(4,684,796)
Revaluation of Investments at FVTPL	(39,545)
Increase (decrease) in net assets attributable to holders of redeemable units	\$(4,724,341)

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ 653,294	\$ –	\$ –
1-3 years	11,186,753	29,464,259	30,211,727
3-5 years	16,363,834	48,045,635	34,410,619
5-10 years	17,805,825	191,688,060	209,047,519
> 10 years	45,189,312	85,232,263	92,561,848
Total	\$91,199,018	\$354,430,217	\$366,231,713

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$1,745,803 or approximately 1.9% (December 31, 2013 – \$6,155,563 or approximately 1.7%, January 1, 2013 – \$6,679,207 or approximately 1.8%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk as the Fund did not hold any equities or commodities.

Scotia Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
Bond Rating						
AAA	45.9	45.4	49.2	48.9	49.1	48.5
AA	34.8	34.5	32.4	32.2	32.5	32.1
A	15.0	14.8	14.3	14.2	14.3	14.1
BBB	4.3	4.3	4.1	4.1	4.1	4.1
Total	100.0	99.0	100.0	99.4	100.0	98.8

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$75,841	\$ –	\$185,316	\$ –	\$8,082,294
Redeemable units	92,107,479	–	356,748,889	–	370,629,997	–
	\$92,107,479	\$75,841	\$356,748,889	\$185,316	\$370,629,997	\$8,082,294

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Federal Bonds	38.1	41.5	44.4
Provincial Bonds	29.0	27.1	26.3
Municipal Bonds	1.5	1.5	–
Mortgage-Backed Securities	3.4	3.5	3.4
Corporate Bonds	27.0	25.8	24.7
Futures Contracts	0.2	–	0.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$ 91,199,018	\$ –	\$ 91,199,018
Future Contracts-Liabilities	(260,100)	–	–	(260,100)
	\$ (260,100)	\$ 91,199,018	\$ –	\$ 90,938,918

December 31, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$354,430,217	\$ –	\$354,430,217

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

Scotia Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$366,231,713	\$ –	\$366,231,713
Futures Contracts (Short)	29,760	–	–	29,760
	\$ 29,760	\$366,231,713	\$ –	\$366,261,473

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.69	10.69	10.22	10.22
Series I	–	–	10.23	10.23

Scotia Canadian Income Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$5,865,741,064	\$6,223,933,197	\$5,926,549,185
Cash	79,311,665	8,843,103	19,411,925
Accrued investment income	39,339,056	38,826,588	37,885,742
Receivable for securities sold	—	—	89,695,045
Subscriptions receivable	3,025,158	4,150,577	3,348,816
Margin deposited on futures	4,627,756	415,593	428,901
	<u>5,992,044,699</u>	<u>6,276,169,058</u>	<u>6,077,319,614</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	90,499,796
Distributions payable	415	418	437
Redemptions payable	1,903,179	2,403,484	1,743,816
Payable for futures contracts	76,447	—	—
	<u>1,980,041</u>	<u>2,403,902</u>	<u>92,244,049</u>
Net Assets attributable to holders of redeemable units	<u>\$5,990,064,658</u>	<u>\$6,273,765,156</u>	<u>\$5,985,075,565</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$1,042,706,530	\$1,294,398,167	\$1,699,789,192
Advisor Series Units	\$ 6,390,031	\$ 8,841,710	\$ 25,289,507
Series F Units	\$ 258,070	\$ 820,988	\$ 2,496,830
Series I Units	\$4,158,385,364	\$4,361,295,723	\$3,644,830,556
Series M Units	\$ 782,324,663	\$ 608,408,568	\$ 612,669,480
UNITS OUTSTANDING			
Series A Units	74,595,752	96,998,401	121,198,425
Advisor Series Units	458,211	664,099	1,808,368
Series F Units	18,502	61,709	178,593
Series I Units	298,944,761	328,366,168	261,105,204
Series M Units	56,227,245	45,796,477	43,876,719
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 13.98	\$ 13.34	\$ 14.02
Advisor Series Units	\$ 13.95	\$ 13.31	\$ 13.98
Series F Units	\$ 13.95	\$ 13.30	\$ 13.98
Series I Units	\$ 13.91	\$ 13.28	\$ 13.96
Series M Units	\$ 13.91	\$ 13.29	\$ 13.96

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$209,233,180	\$ 228,324,719
Net realized gain (loss) on non-derivative financial assets	(27,274,821)	(3,524,341)
Net realized gain (loss) on futures contracts	(55,355,429)	43,796,801
Net gain (loss) foreign exchange	423,239	(6,715)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	370,769,841	(316,298,126)
Net gain (loss) on investments	497,796,010	(47,707,662)
Securities lending	594,542	510,361
Other income	20,447	39,692
Total income (loss)	<u>498,410,999</u>	<u>(47,157,609)</u>
EXPENSES		
Management fees (note 5)	14,734,222	20,005,095
Administration fees (note 6)	619,254	—
Harmonized Sales Tax/Goods and Services Tax	1,788,300	2,384,130
Audit fees	129,269	204,888
Independent Review Committee fees	12,499	11,302
Custodian fees	59,123	87,871
Filing fees	54,180	116,331
Legal fees	19,632	32,293
Unitholder reporting costs	102,273	138,090
Unitholder administration and service fees	818,104	1,429,554
Overdraft charges	62,031	254
Transaction costs	1,365,775	851,432
Total expenses	19,764,662	25,261,240
Absorbed expenses	(1,724)	(394)
Net expenses	<u>19,762,938</u>	<u>25,260,846</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$478,648,061</u>	<u>\$ (72,418,455)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 78,408,117	\$ (35,341,001)
Advisor Series Units	\$ 524,498	\$ (572,327)
Series F Units	\$ 31,091	\$ (50,116)
Series I Units	\$345,838,050	\$ (30,576,717)
Series M Units	\$ 53,846,305	\$ (5,878,294)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.95	\$ (0.31)
Advisor Series Units	\$ 0.92	\$ (0.44)
Series F Units	\$ 1.42	\$ (0.35)
Series I Units	\$ 1.14	\$ (0.10)
Series M Units	\$ 1.09	\$ (0.12)
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	82,232,248	112,331,289
Advisor Series Units	567,850	1,314,375
Series F Units	21,843	143,507
Series I Units	303,695,255	299,014,677
Series M Units	49,556,096	48,509,564

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

Scotia Canadian Income Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — BEGINNING OF PERIOD		
Series A Units	\$ 1,294,398,167	\$ 1,699,789,192
Advisor Series Units	8,841,710	25,289,507
Series F Units	820,988	2,496,830
Series I Units	4,361,295,723	3,644,830,556
Series M Units	608,408,568	612,669,480
	<u>6,273,765,156</u>	<u>5,985,075,565</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	78,408,117	(35,341,001)
Advisor Series Units	524,498	(572,327)
Series F Units	31,091	(50,116)
Series I Units	345,838,050	(30,576,717)
Series M Units	53,846,305	(5,878,294)
	<u>478,648,061</u>	<u>(72,418,455)</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(22,960,840)	(33,073,813)
Advisor Series Units	(144,589)	(365,510)
Series F Units	(7,117)	(53,131)
Series I Units	(145,896,788)	(147,179,170)
Series M Units	(23,233,332)	(23,380,611)
From realized gain		
Series A Units	—	(8,327,199)
Advisor Series Units	—	(57,029)
Series F Units	—	(5,720)
Series I Units	—	(27,564,461)
Series M Units	—	(3,853,801)
	<u>(192,242,666)</u>	<u>(243,860,445)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	69,052,918	195,184,717
Advisor Series Units	69,253	374,885
Series F Units	174,149	142,523
Series I Units	710,541,334	1,017,617,433
Series M Units	309,311,121	294,690,028
Reinvested distributions		
Series A Units	22,368,334	40,323,813
Advisor Series Units	58,001	246,683
Series F Units	4,806	56,707
Series I Units	145,896,788	174,743,630
Series M Units	19,773,022	23,891,626
Payments on redemption		
Series A Units	(398,560,166)	(564,157,542)
Advisor Series Units	(2,958,842)	(16,074,499)
Series F Units	(765,847)	(1,766,105)
Series I Units	(1,259,289,743)	(270,575,548)
Series M Units	(185,781,021)	(289,729,860)
	<u>(570,105,893)</u>	<u>604,968,491</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(251,691,637)	(405,391,025)
Advisor Series Units	(2,451,679)	(16,447,797)
Series F Units	(562,918)	(1,675,842)
Series I Units	(202,910,359)	716,465,167
Series M Units	173,916,095	(4,260,912)
	<u>(283,700,498)</u>	<u>288,689,591</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — END OF PERIOD		
Series A Units	1,042,706,530	1,294,398,167
Advisor Series Units	6,390,031	8,841,710
Series F Units	258,070	820,988
Series I Units	4,158,385,364	4,361,295,723
Series M Units	782,324,663	608,408,568
	<u>\$ 5,990,064,658</u>	<u>\$ 6,273,765,156</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 478,648,061	\$ (72,418,455)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	27,274,821	3,524,341
Net realized (gain) loss foreign exchange on cash	(423,239)	6,715
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(370,769,841)	316,298,126
Purchases of non-derivative financial assets	(2,155,000,870)	(4,389,434,896)
Proceeds from sale of non-derivative financial assets	2,856,688,023	3,771,423,665
Accrued investment income	(512,468)	(940,846)
Change in margin accounts for futures contracts	(4,135,717)	13,308
Net cash provided by (used in) operating activities	<u>831,768,770</u>	<u>(371,528,042)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1,090,274,194	1,507,207,825
Amounts paid on redemption of redeemable units	(1,847,855,924)	(1,141,643,886)
Distributions to unitholders of redeemable units	(4,141,718)	(4,598,005)
Net cash provided by (used in) financing activities	<u>(761,723,448)</u>	<u>360,965,935</u>
Net realized (gain) loss foreign exchange on cash	423,239	(6,715)
Net increase (decrease) in cash	70,045,323	(10,562,107)
Cash (Bank Indebtedness) at beginning of period	8,843,103	19,411,925
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 79,311,665</u>	<u>\$ 8,843,103</u>
Interest received(1)	208,720,712	227,383,873

(1) Classified as operating items.

Scotia Canadian Income Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BONDS AND DEBTURE INSTRUMENTS – 97.9%				BONDS AND DEBTURE INSTRUMENTS (cont'd)			
Federal Bonds – 47.5%				Corporate Bonds (cont'd)			
	Canada Housing Trust No. 1				Finning International Inc.		
871,090,000	2.40% due Dec. 15, 2022	868,917,314	891,102,366	20,000,000	6.02% due Jun. 1, 2018	23,251,491	22,559,819
618,760,000	2.35% due Sep. 15, 2023	587,188,808	627,604,943		GE Capital Canada Funding Company		
	Government of Canada			66,915,000	5.73% due Oct. 22, 2037	70,647,171	86,306,762
218,425,000	1.00% due Feb. 1, 2015	218,468,050	218,419,424		Genesis Trust II		
222,195,000	1.25% due Feb. 1, 2016	222,766,374	222,784,626	50,000,000	2.30% due Feb. 15, 2017	50,000,000	50,646,949
528,660,000	5.75% due Jun. 1, 2029	726,847,894	768,565,589		Golden Credit Card Trust		
78,520,000	5.75% due Jun. 1, 2033	117,772,148	120,115,958	42,000,000	3.51% due May 15, 2016	43,772,040	43,110,915
		<u>2,741,960,588</u>	<u>2,848,592,906</u>		Great-West Lifeco Inc.		
Provincial Bonds – 17.2%				38,790,000	6.67% due Mar. 21, 2033	42,165,238	51,984,586
	Hydro-Quebec				Greater Toronto Airports Authority		
69,350,000	11.00% due Aug. 15, 2020	110,228,464	102,641,168	23,000,000	3.04% due Sep. 21, 2022	22,997,930	23,923,469
	Province of British Columbia			31,435,000	7.10% due Jun. 4, 2031	35,312,870	44,959,190
32,185,000	5.70% due Jun. 18, 2029	41,910,789	42,943,422		HSBC Bank of Canada		
	Province of Ontario			44,000,000	2.94% due Jan. 14, 2020	44,000,000	45,335,028
23,845,000	4.40% due Jun. 2, 2019	25,417,676	26,585,024		Husky Energy Inc.		
609,520,000	6.50% due Mar. 8, 2029	839,253,010	857,180,725	36,300,000	5.00% due Mar. 12, 2020	37,811,915	40,243,377
		<u>1,016,809,939</u>	<u>1,029,350,339</u>		International Business Machines Corporation		
Municipal Bonds – 0.5%				38,000,000	2.20% due Feb. 10, 2017	37,916,797	38,473,717
	Municipal Finance Authority of British Columbia				John Deere Canada Funding Inc.		
26,075,000	4.60% due Apr. 23, 2018	27,078,864	28,671,966	20,000,000	1.95% due Apr. 12, 2017	19,986,200	20,116,665
Mortgage-Backed Securities – 3.3%				3,000,000	2.25% due Oct. 18, 2017	3,004,170	3,035,003
	Merrill Lynch Financial Assets Inc.				John Deere Credit Inc.		
39,875,000	4.83% due Feb. 12, 2016	40,231,911	40,925,258	24,000,000	2.30% due Jul. 5, 2016	23,994,480	24,240,402
31,040,000	4.98% due Jun. 12, 2016	31,147,673	32,248,767		Master Credit Card Trust		
33,685,000	4.81% due Oct. 12, 2039	33,369,364	35,234,589	50,770,000	2.72% due Nov. 21, 2018	50,770,000	52,099,778
	Real Estate Asset Liquidity Trust				NAV Canada		
35,845,000	4.78% due Mar. 12, 2017	36,680,249	37,975,479	54,000,000	5.30% due Apr. 17, 2019	58,145,760	61,482,198
	Schooner Trust				Rogers Communications Inc.		
10,910,000	4.36% due Sep. 12, 2020	11,075,655	11,062,117	55,000,000	4.00% due Jun. 6, 2022	54,780,000	58,347,100
38,640,000	5.19% due Jun. 12, 2022	39,554,825	41,444,947		Royal Bank of Canada		
		<u>192,059,677</u>	<u>198,891,157</u>	59,600,000	2.36% due Sep. 21, 2017	59,600,000	60,405,539
Corporate Bonds – 29.4%				19,290,000	3.77% due Mar. 30, 2018	19,883,722	20,505,934
	407 International Inc.				Sun Life Financial Inc. (callable)		
48,000,000	4.30% due May 26, 2021	49,386,496	53,713,774	20,060,000	4.95% due Jun. 1, 2036(2016)	20,218,794	20,908,220
	Altalink LP				Suncor Energy, Inc.		
31,000,000	3.40% due Mar. 6, 2024	31,000,000	32,392,406	39,785,000	5.80% due May 22, 2018	41,963,644	44,570,577
	Anheuser-Busch InBev Finance Inc.				TELLUS Corporation		
45,000,000	2.38% due Jan. 25, 2018	44,783,100	45,419,608	28,000,000	5.05% due Jul. 23, 2020	29,416,415	31,502,292
	Bank of Montreal				TELLUS Corporation (callable)		
39,000,000	3.21% due Sep. 13, 2018	38,998,050	40,679,594	41,465,000	3.35% due Apr. 1, 2024(Jan. 2, 2024)	41,057,823	41,530,873
	Bank of Nova Scotia, The (callable)				Teranet Holdings LP		
60,680,000	3.04% due Oct. 18, 2024(2019)	60,680,000	62,205,027	45,500,000	5.75% due Dec. 17, 2040	46,170,815	51,366,421
	Bell Canada				Thomson Reuters Corporation		
55,500,000	3.35% due Jun. 18, 2019	55,855,910	57,800,690	24,600,000	4.35% due Sep. 30, 2020	24,518,430	26,631,095
19,975,000	4.70% due Sep. 11, 2023	19,954,426	22,033,251		Toronto Hydro Corporation		
	BRP Finance ULC			22,000,000	3.54% due Nov. 18, 2021	22,062,673	23,573,686
44,000,000	5.14% due Oct. 13, 2020	44,687,049	48,797,630		Toronto-Dominion Bank, The		
	Canadian Imperial Bank of Commerce			47,000,000	3.23% due Jul. 24, 2024	47,000,000	48,317,445
23,060,000	2.35% due Oct. 18, 2017	23,030,714	23,371,659		VW Credit Canada, Inc.		
	Canadian Natural Resources Limited			27,000,000	2.20% due Oct. 11, 2016	26,972,190	27,240,668
25,660,000	3.05% due Jun. 19, 2019	25,643,834	26,222,269	37,060,000	2.45% due Nov. 14, 2017	36,994,033	37,662,322
	Canadian Natural Resources Limited (callable)				Wells Fargo Financial Canada Corporation		
26,000,000	3.55% due Jun. 3, 2024(Mar. 3, 2024)	25,904,580	26,137,815	49,280,000	2.94% due Jul. 25, 2019	49,280,000	50,932,973
	Caterpillar Financial Services Limited					<u>1,668,691,437</u>	<u>1,760,234,696</u>
55,455,000	2.63% due Jun. 1, 2017	55,442,245	56,624,508		TOTAL INVESTMENT PORTFOLIO	<u>5,646,600,505</u>	<u>5,865,741,064</u>
	CIBC Capital Trust (callable)				Futures Contracts – 0.1%		4,551,309
29,630,000	9.98% due Jun. 30, 2108(2019)	38,694,080	38,281,529		OTHER ASSETS, LESS LIABILITIES – 2.0%		119,772,285
	CU Inc.				NET ASSETS – 100.0%		<u>5,990,064,658</u>
32,100,000	4.80% due Nov. 22, 2021	33,389,686	37,038,617				
	EnCana Corporation						
34,000,000	5.80% due Jan. 18, 2018	37,546,666	37,503,316				

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

Scotia Canadian Income Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
1,400	U.S. Treasury Inflation Bond Futures – Mar. 2015	234,721,335	234,870,024	148,689
(12,750)	Canadian 10 Year Bond Futures – Mar. 2015	(1,733,941,999)	(1,766,130,000)	(32,188,001)
				<u>(32,039,312)</u>

The above futures contracts are financial agreements to purchase/sell the bonds at a contracted price on a specific future date. However, the Fund does not intend to purchase the bonds on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

With respect to the above futures contracts, \$34,000,000 of the February 1, 2016 Canada Housing Trust No.1 1.25% are held on margin.

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of A+ by Standard & Poor's.

Scotia Canadian Income Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide a high level of regular interest income and modest capital gains. It invests primarily in:
- bonds and treasury bills issued by Canadian federal, provincial and municipal governments and Canadian corporations
 - money market instruments issued by Canadian corporations. These include commercial paper, bankers' acceptances, mortgage-backed securities and guaranteed investment certificates
 - high-quality dividend-paying shares of Canadian corporations.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$6,267,505,883	\$5,978,192,395
Revaluation of Investments at FVTPL	6,259,273	6,883,170
Net assets attributable to holders of redeemable units	\$6,273,765,156	\$5,985,075,565

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$(71,794,558)
Revaluation of Investments at FVTPL	(623,897)
Increase (decrease) in net assets attributable to holders of redeemable units	\$(72,418,455)

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ 229,481,543	\$ 173,993,521	\$ –
1-3 years	816,450,234	400,147,438	604,187,587
3-5 years	615,520,304	676,749,991	628,008,357
5-10 years	2,180,866,331	3,742,247,664	3,197,176,661
> 10 years	2,023,422,652	1,230,794,583	1,497,176,580
Total	\$5,865,741,064	\$6,223,933,197	\$5,926,549,185

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$103,047,130 or approximately 1.7% (December 31, 2013 – \$107,178,466 or approximately 1.7%, January 1, 2013 – \$107,284,067 or approximately 1.8%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Scotia Canadian Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk as the Fund did not hold any equities or commodities.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
Bond Rating						
AAA	55.3	54.1	55.9	55.5	41.7	41.4
AA	24.0	23.5	24.0	23.8	36.5	36.1
A	16.0	15.7	15.7	15.6	17.4	17.2
BBB	4.7	4.6	4.4	4.3	4.4	4.3
Total	100.0	97.9	100.0	99.2	100.0	99.0

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$1,903,594	\$ –	\$2,403,902	\$ –	\$92,244,049
Unrealized loss future contracts	–	76,447	–	–	–	–
Redeemable units	5,990,064,658	–	6,273,765,156	–	5,985,075,565	–
	\$5,990,064,658	\$1,980,041	\$6,273,765,156	\$2,403,902	\$5,985,075,565	\$92,244,049

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Federal Bonds	47.5	48.9	35.3
Provincial Bonds	17.2	17.6	29.3
Municipal Bonds	0.5	0.5	1.2
Mortgage-Backed	3.3	3.2	3.4
Corporate Bonds	29.4	29.0	29.8
Futures Contracts	0.1	0.0	0.0

Scotia Canadian Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$5,865,741,064	\$ –	\$5,865,741,064
Future Contracts–Liabilities	(32,039,312)	–	–	(32,039,312)
	<u>\$(32,039,312)</u>	<u>\$5,865,741,064</u>	<u>\$ –</u>	<u>\$5,833,701,752</u>

December 31, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$6,223,933,197	\$ –	\$6,223,933,197
Futures Contracts (Long)	(234,965)	–	–	(234,965)
	<u>\$(234,965)</u>	<u>\$6,223,933,197</u>	<u>\$ –</u>	<u>\$6,223,698,232</u>

January 1, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$5,926,549,185	\$ –	\$5,926,549,185
Futures Contracts (Short)	432,960	–	–	432,960
	<u>\$ 432,960</u>	<u>\$5,926,549,185</u>	<u>\$ –</u>	<u>\$5,926,982,145</u>

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	13.98	13.98	13.34	13.34
Advisor Series	13.95	13.95	13.31	13.31
Series F	13.95	13.95	13.30	13.30
Series I	13.91	13.91	13.28	13.28
Series M	13.91	13.91	13.29	13.29

Scotia Private Canadian Corporate Bond Pool

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$4,092,869,215	\$3,251,745,684	\$2,921,434,177
Cash	11,988,227	10,176,995	14,910,307
Accrued investment income	29,297,814	25,630,625	20,224,406
Subscriptions receivable	3,679,375	1,503,565	1,927,140
Margin deposited on futures	7,610,224	3,162,500	219,000
	<u>4,145,444,855</u>	<u>3,292,219,369</u>	<u>2,958,715,030</u>
LIABILITIES			
Current liabilities			
Redemptions payable	1,765,273	3,385,462	2,523,169
Net Assets attributable to holders of redeemable units	<u>\$4,143,679,582</u>	<u>\$3,288,833,907</u>	<u>\$2,956,191,861</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	\$1,871,893,210	\$1,356,859,788	\$1,162,923,140
Series M Units	<u>\$2,271,786,372</u>	<u>\$1,931,974,119</u>	<u>\$1,793,268,721</u>
UNITS OUTSTANDING			
Series I Units	172,752,488	128,501,803	107,605,307
Series M Units	<u>209,602,859</u>	<u>182,920,268</u>	<u>165,886,994</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	\$ 10.84	\$ 10.56	\$ 10.81
Series M Units	<u>\$ 10.84</u>	<u>\$ 10.56</u>	<u>\$ 10.81</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 12,500	\$ —
Interest for distribution purposes	137,072,610	126,410,091
Net realized gain (loss) on non-derivative financial assets	26,949,425	20,954,300
Net realized gain (loss) on futures contracts	(22,495,315)	5,634,530
Net gain (loss) foreign exchange	143,671	—
Change in unrealized appreciation (depreciation) of non-derivative financial assets	85,874,471	(106,017,679)
Net gain (loss) on investments	<u>227,557,362</u>	<u>46,981,242</u>
Securities lending	85,204	38,508
Total income (loss)	<u>227,642,566</u>	<u>47,019,750</u>
EXPENSES		
Management fees (note 5)	1,404,916	1,355,337
Administration fees (note 6)	285,474	—
Harmonized Sales Tax/Goods and Services Tax	201,234	184,582
Audit fees	78,042	105,718
Independent Review Committee fees	7,437	5,768
Custodian fees	31,600	45,348
Filing fees	(3,863)	33,102
Legal fees	11,367	16,560
Unitholder reporting costs	22,002	21,458
Unitholder administration and service fees	273,030	433,700
Overdraft charges	3,923	—
Transaction costs	227,105	48,825
Total expenses	<u>2,542,267</u>	<u>2,250,398</u>
Absorbed expenses	(1,160)	(254)
Net expenses	<u>2,541,107</u>	<u>2,250,144</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$225,101,459</u>	<u>\$ 44,769,606</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	\$101,322,940	\$ 18,525,117
Series M Units	<u>\$123,778,519</u>	<u>\$ 26,244,489</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	\$ 0.65	\$ 0.15
Series M Units	<u>\$ 0.66</u>	<u>\$ 0.14</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	156,556,211	123,564,750
Series M Units	<u>186,470,808</u>	<u>181,061,986</u>

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

Scotia Private Canadian Corporate Bond Pool (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series I Units	\$1,356,859,788	\$1,162,923,140
Series M Units	1,931,974,119	1,793,268,721
	<u>3,288,833,907</u>	<u>2,956,191,861</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	101,322,940	18,525,117
Series M Units	123,778,519	26,244,489
	<u>225,101,459</u>	<u>44,769,606</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(61,597,081)	(50,802,697)
Series M Units	(72,329,321)	(73,114,657)
	<u>(133,926,402)</u>	<u>(123,917,354)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	617,306,114	260,105,572
Series M Units	729,309,217	641,980,214
Reinvested distributions		
Series I Units	61,597,081	50,802,697
Series M Units	60,153,344	60,553,302
Payments on redemption		
Series I Units	(203,595,632)	(84,694,041)
Series M Units	(501,099,506)	(516,957,950)
	<u>763,670,618</u>	<u>411,789,794</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	515,033,422	193,936,648
Series M Units	339,812,253	138,705,398
	<u>854,845,675</u>	<u>332,642,046</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	1,871,893,210	1,356,859,788
Series M Units	2,271,786,372	1,931,974,119
	<u>\$4,143,679,582</u>	<u>\$3,288,833,907</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 225,101,459	\$ 44,769,606
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(26,949,425)	(20,954,300)
Net realized (gain) loss foreign exchange on cash	(143,671)	–
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(85,874,471)	106,017,679
Purchases of non-derivative financial assets	(2,207,653,726)	(2,280,774,008)
Proceeds from sale of non-derivative financial assets	1,479,352,091	1,865,399,122
Transaction costs	2,000	–
Accrued investment income	(3,667,189)	(5,406,219)
Change in margin accounts for futures contracts	(4,447,724)	(2,943,500)
Net cash provided by (used in) operating activities	<u>(624,280,656)</u>	<u>(293,891,620)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1,344,439,521	902,509,361
Amounts paid on redemption of redeemable units	(706,315,327)	(600,789,698)
Distributions to unitholders of redeemable units	(12,175,977)	(12,561,355)
Net cash provided by (used in) financing activities	<u>625,948,217</u>	<u>289,158,308</u>
Net realized (gain) loss foreign exchange on cash	143,671	–
Net increase (decrease) in cash	1,667,561	(4,733,312)
Cash (Bank Indebtedness) at beginning of period	10,176,995	14,910,307
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 11,988,227</u>	<u>\$ 10,176,995</u>
Interest received(1)	133,405,421	121,003,872
Dividends received, net of withholding taxes(1)	12,500	–

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 0.0%			
Financials – 0.0%			
50,000	Royal Bank of Canada, 4.00%, Preferred, Series AZ	1,270,000	1,279,750
BOND AND DEBENTURE INSTRUMENTS – 98.8%			
Federal Bonds – 8.8%			
	Canada Housing Trust No. 1		
280,000,000	2.90% due Jun. 15, 2024	288,073,387	295,461,767
65,000,000	2.55% due Mar. 15, 2025	65,966,350	66,298,242
		<u>354,039,737</u>	<u>361,760,009</u>
Mortgage-Backed Securities – 2.6%			
	Institutional Mortgage Securities Canada Inc.		
25,000,000	3.33% due Dec. 12, 2022	25,000,000	26,071,453
	Merrill Lynch Financial Assets Inc.		
25,000,000	4.81% due Oct. 12, 2039	24,679,276	26,150,059
	Real Estate Asset Liquidity Trust		
22,600,000	4.78% due Mar. 12, 2017	22,315,481	23,943,251
	Schooner Trust		
29,100,000	5.19% due Jun. 12, 2022	28,845,645	31,212,421
		<u>100,840,402</u>	<u>107,377,184</u>
Corporate Bonds – 87.4%			
	407 International Inc. (callable)		
41,000,000	3.35% due May 16, 2024-(Feb. 16, 2024)	41,112,600	42,855,868
	AltaGas Ltd. (callable)		
50,000,000	3.84% due Jan. 15, 2025-(Oct. 15, 2024)	49,985,500	50,689,700
	AltaLink LP		
60,000,000	3.40% due Mar. 6, 2024	60,000,000	62,694,980
	Anheuser-Busch InBev Finance Inc.		
75,000,000	2.38% due Jan. 25, 2018	74,832,300	75,699,347
	Bank of Montreal		
59,000,000	3.98% due Jul. 8, 2016	60,960,994	60,829,609
	Bank of Montreal Capital Trust II (callable)		
52,300,000	10.22% due Dec. 31, 2018-(2017)	70,211,017	67,191,400
	Bank of Nova Scotia, The (callable)		
80,000,000	3.04% due Oct. 18, 2024-(2019)	80,000,000	82,010,582
	Bell Canada		
15,000,000	3.35% due Jun. 18, 2019	15,506,400	15,621,808
75,000,000	3.25% due Jun. 17, 2020	74,905,850	77,413,892
30,000,000	4.70% due Sep. 11, 2023	30,780,100	33,091,241
	BRP Finance ULC		
54,000,000	5.14% due Oct. 13, 2020	54,063,421	59,888,000
	Calloway Real Estate Investment Trust		
30,000,000	3.75% due Feb. 11, 2021	30,023,700	31,012,771
	Canadian Imperial Bank of Commerce		
50,000,000	2.35% due Oct. 18, 2017	49,986,000	50,675,758
	Canadian Imperial Bank of Commerce (callable)		
30,500,000	3.00% due Oct. 28, 2024-(2019)	30,492,985	30,869,439
	Canadian Natural Resources Limited		
37,500,000	3.05% due Jun. 19, 2019	37,648,157	38,321,711
	Canadian Natural Resources Limited (callable)		
39,000,000	3.55% due Jun. 3, 2024-(Mar. 3, 2024)	38,856,870	39,206,722
	Canadian Pacific Railway Company		
22,000,000	6.25% due Jun. 1, 2018	21,882,571	25,036,270
	Caterpillar Financial Services Limited		
36,000,000	2.63% due Jun. 1, 2017	35,991,720	36,759,215
	CIBC Capital Trust (callable)		
65,000,000	9.98% due Jun. 30, 2108-(2019)	75,666,317	83,979,052
	Corus Entertainment Inc.		
27,000,000	4.25% due Feb. 11, 2020	26,960,000	26,102,250
	Enbridge Gas Distribution Inc.		
59,000,000	4.04% due Nov. 23, 2020	60,608,876	64,578,192
35,000,000	3.15% due Aug. 22, 2024	34,901,650	35,677,418

For equities, all common shares unless otherwise noted.

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

Scotia Private Canadian Corporate Bond Pool (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBTURE INSTRUMENTS (cont'd)				BOND AND DEBTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
41,000,000	Enbridge Pipelines Inc. 4.45% due Apr. 6, 2020	46,269,830	45,340,130	15,000,000	North West Redwater Partnership (callable) 3.20% due Jul. 22, 2024-(Apr. 23, 2024)	14,977,050	15,294,262
22,000,000	3.79% due Aug. 17, 2023	22,089,460	23,482,386		RioCan Real Estate Investment Trust		
51,500,000	EnCana Corporation 5.80% due Jan. 18, 2018	56,954,617	56,806,494	20,000,000	3.75% due May 30, 2022	20,000,000	20,530,727
46,000,000	Finning International Inc. 6.02% due Jun. 1, 2018	47,960,776	51,887,584	52,000,000	Rogers Communications Inc. 5.34% due Mar. 22, 2021	53,109,620	59,401,479
43,000,000	First Capital Realty Inc. 3.90% due Oct. 30, 2023	43,459,600	44,213,421	27,500,000	4.00% due Jun. 6, 2022	27,434,150	29,173,550
20,000,000	4.79% due Aug. 30, 2024	20,563,500	21,748,285		Royal Bank of Canada		
35,000,000	Ford Credit Canada Limited 3.70% due Aug. 2, 2018	34,994,351	36,563,175	60,000,000	2.89% due Oct. 11, 2018	59,994,600	61,836,492
35,000,000	General Electric Capital Corporation 3.28% due Jul. 2, 2021	35,000,000	35,540,764	91,000,000	Royal Bank of Canada (callable) 2.99% due Dec. 6, 2024-(2019)	91,279,583	93,078,471
55,000,000	5.42% due May 31, 2018	54,774,650	55,900,046	41,500,000	Scotiabank Tier I Trust (callable) 7.80% due Jun. 30, 2019-(2108)	46,270,484	50,320,940
55,056,000	4.60% due Jan. 26, 2022	56,215,145	62,052,831	50,000,000	Shaw Communications Inc. 5.65% due Oct. 1, 2019	50,173,826	56,758,019
72,000,000	Genesis Trust II 2.30% due Feb. 15, 2017	72,151,086	72,931,607	10,000,000	4.35% due Jan. 31, 2024	9,997,600	10,632,323
48,000,000	Great-West Lifeco Inc. 4.65% due Aug. 13, 2020	50,168,150	53,517,226	38,000,000	Sobeys Inc. 3.52% due Aug. 8, 2018	37,984,420	39,359,897
75,000,000	Greater Toronto Airports Authority 5.96% due Nov. 20, 2019	85,879,750	88,563,929	50,000,000	Suncor Energy, Inc. 5.80% due May 22, 2018	52,450,827	56,014,299
30,000,000	Honda Canada Finance Inc. 2.28% due Dec. 11, 2017	30,000,000	30,367,831	40,000,000	Suncor Energy, Inc. (callable) 3.10% due Nov. 26, 2021-(Oct. 26, 2021)	39,921,150	40,506,909
56,000,000	HSBC Bank of Canada 2.94% due Jan. 14, 2020	56,000,000	57,699,127	37,000,000	TD Capital Trust III (callable) 7.24% due Dec. 31, 2049-(2018)	39,751,558	43,689,266
30,000,000	2.91% due Sep. 29, 2021	30,000,000	30,621,303	40,000,000	TELUS Corporation (callable) 3.35% due Mar. 15, 2023-(Dec. 15, 2022)	39,953,200	40,607,017
60,000,000	Husky Energy Inc. 5.00% due Mar. 12, 2020	63,508,639	66,517,978	60,000,000	3.35% due Apr. 1, 2024-(Jan. 2, 2024)	59,488,100	60,095,318
57,000,000	Inter Pipeline Fund 3.45% due Jul. 20, 2020	56,818,210	59,077,650	50,000,000	Teranet Holdings LP 4.81% due Dec. 16, 2020	49,942,593	55,307,914
70,000,000	International Business Machines Corporation 2.20% due Feb. 10, 2017	70,355,695	70,872,637	45,500,000	Thomson Reuters Corporation 4.35% due Sep. 30, 2020	47,737,620	49,256,700
25,000,000	John Deere Canada Funding Inc. 1.95% due Apr. 12, 2017	24,898,950	25,145,832	25,000,000	Toronto Hydro Corporation 3.54% due Nov. 18, 2021	25,220,557	26,788,280
30,000,000	JPMorgan Chase & Co. 3.19% due Mar. 5, 2021	29,967,600	30,296,516	25,000,000	Toronto Hydro Corporation (callable) 2.91% due Apr. 10, 2023-(Jan. 10, 2023)	24,169,750	25,471,668
45,000,000	Loblaws Companies Limited 3.75% due Mar. 12, 2019	44,983,350	46,000,455	100,000,000	Toronto-Dominion Bank, The 2.62% due Dec. 22, 2021	100,000,000	100,333,087
60,000,000	Master Credit Card Trust 2.63% due Jan. 21, 2017	60,000,000	63,377,472	60,000,000	3.23% due Jul. 24, 2024	60,000,000	61,681,845
27,000,000	2.72% due Nov. 21, 2018	27,166,800	27,514,964		VW Credit Canada, Inc. 2.20% due Oct. 11, 2016	14,005,724	14,124,791
37,000,000	Morgan Stanley 3.13% due Aug. 5, 2021	37,288,424	37,969,111	56,485,000	Wells Fargo Financial Canada Corporation 3.04% due Jan. 29, 2021	56,460,147	58,129,821
40,000,000	National Bank of Canada 2.69% due Aug. 21, 2017	39,870,400	40,246,771			<u>3,497,409,237</u>	<u>3,622,452,272</u>
55,000,000	2.79% due Aug. 9, 2018	55,812,000	56,216,670		TOTAL INVESTMENT PORTFOLIO	<u>3,953,559,376</u>	<u>4,092,869,215</u>
25,000,000	NAV Canada 5.30% due Apr. 17, 2019	56,133,100	56,522,352		Futures Contracts – 0.2%		7,610,224
	4.40% due Feb. 18, 2021	25,000,000	25,184,047		OTHER ASSETS, LESS LIABILITIES – 1.0%		<u>43,200,143</u>
					NET ASSETS – 100.0%		<u>4,143,679,582</u>

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(2,500)	Canada Bond Future – Mar. 2015	(342,590,726)	(346,278,250)	(3,687,524)

The above futures contracts are financial agreements to purchase/sell the bonds at a contracted price on a specific future date. However, the Fund does not intend to purchase the bonds on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

With respect to the above futures contract, \$2,500,000 of the June 15, 2024 Canada Housing Trust 2.9% are held on margin.

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of A+ by Standard & Poor's.

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

Scotia Private Canadian Corporate Bond Pool

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective to provide a high level of regular interest income and modest capital gains. It invests primarily in bonds issued by Canadian corporations. The Fund can also invest up to 30% in foreign securities.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$3,281,361,372	\$2,948,989,999
Revaluation of Investments at FVTPL	7,472,535	7,201,862
Net assets attributable to holders of redeemable units	\$3,288,833,907	\$2,956,191,861

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$44,498,933
Revaluation of Investments at FVTPL	270,673
Increase (decrease) in net assets attributable to holders of redeemable units	\$44,769,606

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ –	\$ –	\$ –
1-3 years	526,744,641	290,453,681	179,157,020
3-5 years	1,376,370,006	965,326,645	1,077,775,804
5-10 years	2,122,176,576	1,950,004,406	1,664,501,353
> 10 years	66,298,242	45,960,952	–
Total	\$4,091,589,465	\$3,251,745,684	\$2,921,434,177

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$51,197,736 or approximately 1.2% (December 31, 2013 – \$39,956,349 or approximately 1.2%, January 1, 2013 – \$35,782,291 or approximately 1.2%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	(397,930)	–	(39,793)	–

Scotia Private Canadian Corporate Bond Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iii) Other Price Risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
AAA	14.8	14.7	13.0	12.9	10.9	10.8
AA	24.7	24.4	25.2	24.9	26.5	26.1
A	38.2	37.8	40.5	40.0	47.6	47.1
BBB	21.7	21.3	20.5	20.3	15.0	14.8
BB	0.6	0.6	0.8	0.8	–	–
Total	100.0	98.8	100.0	98.9	100.0	98.8

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$1,765,273	\$ –	\$3,385,462	\$ –	\$2,523,169
Redeemable units	4,143,679,582	–	3,288,833,907	–	2,956,191,861	–
	\$4,143,679,582	\$1,765,273	\$3,288,833,907	\$3,385,462	\$2,956,191,861	\$2,523,169

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Equities	0.0	–	–
Bond and Debenture Instruments			
Federal Bonds	8.8	6.1	3.2
Mortgage-Backed Securities	2.6	3.3	4.6
Corporate Bonds	87.4	89.5	91.0
Future Contracts	0.2	0.1	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$ 1,279,750	\$ –	\$ –	\$ 1,279,750
Bond and Debenture Instruments	–	4,091,589,465	–	4,091,589,465
	1,279,750	4,091,589,465	–	4,092,869,215
Future Contracts (Short)	(3,687,524)	–	–	(3,687,524)
	\$(2,407,774)	\$4,091,589,465	\$ –	\$4,089,181,691

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

Scotia Private Canadian Corporate Bond Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$3,251,745,684	\$ –	\$3,251,745,684
Futures Contracts (Short)	3,270,000	–	–	3,270,000
	\$3,270,000	\$3,251,745,684	\$ –	\$3,255,015,684

January 1, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$2,921,434,177	\$ –	\$2,921,434,177
Futures Contracts (Short)	741,280	–	–	741,280
	\$ 741,280	\$2,921,434,177	\$ –	\$2,922,175,457

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series I	10.84	10.84	10.56	10.56
Series M	10.84	10.84	10.56	10.56

Scotia U.S. \$ Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
	U.S.\$	U.S.\$	U.S.\$
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$82,231,811	\$108,005,438	\$173,014,593
Cash	18,890	591,058	2,439,512
Accrued investment income	493,118	660,307	1,274,104
Receivable for securities sold	—	—	5,656,601
Subscriptions receivable	127,850	4,725	141,321
	<u>82,871,669</u>	<u>109,261,528</u>	<u>182,526,131</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	5,660,143
Distributions payable	12	15	167
Redemptions payable	217,846	181,357	382,080
	<u>217,858</u>	<u>181,372</u>	<u>6,042,390</u>
Net Assets attributable to holders of redeemable units	<u>\$82,653,811</u>	<u>\$109,080,156</u>	<u>\$176,483,741</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$82,361,099	\$108,476,364	\$176,197,285
Series F Units	\$ 292,712	\$ 603,792	\$ 286,456
UNITS OUTSTANDING			
Series A Units	7,261,291	9,955,943	15,122,211
Series F Units	25,844	55,570	24,642
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 11.34	\$ 10.90	\$ 11.65
Series F Units	\$ 11.33	\$ 10.87	\$ 11.62

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
	U.S.\$	U.S.\$
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$1,929,697	\$ 3,824,397
Net realized gain (loss) on non-derivative financial assets	(368,214)	(6,840,353)
Net realized gain (loss) on futures contracts	45,477	—
Change in unrealized appreciation (depreciation) of non-derivative financial assets	4,108,664	(3,276,256)
Net gain (loss) on investments	5,715,624	(6,292,212)
Securities lending	1,465	2,382
Other income	200	2,305
Total income (loss)	<u>5,717,289</u>	<u>(6,287,525)</u>
EXPENSES		
Management fees (note 5)	1,337,574	2,203,982
Administration fees (note 6)	18,482	—
Harmonized Sales Tax/Goods and Services Tax	153,269	259,338
Audit fees	1,950	4,939
Independent Review Committee fees	197	307
Custodian fees	1,884	3,895
Filing fees	13,635	17,935
Legal fees	302	853
Unitholder reporting costs	7,367	10,903
Unitholder administration and service fees	25,317	49,508
Overdraft charges	139	514
Transaction costs	2,137	—
Total expenses	<u>1,562,253</u>	<u>2,552,174</u>
Absorbed expenses	(6)	(326)
Net expenses	<u>1,562,247</u>	<u>2,551,848</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$4,155,042</u>	<u>\$ (8,839,373)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$4,124,907	\$ (8,809,304)
Series F Units	\$ 30,135	\$ (30,069)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.52	\$ (0.68)
Series F Units	\$ 0.58	\$ (0.67)
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	7,965,827	12,998,957
Series F Units	51,546	44,681

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

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

Scotia U.S. \$ Bond Fund (Continued)

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

For the periods ended December 31,

	2014	2013
	U.S.\$	U.S.\$
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$108,476,364	\$176,197,285
Series F Units	603,792	286,456
	<u>109,080,156</u>	<u>176,483,741</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	4,124,907	(8,809,304)
Series F Units	30,135	(30,069)
	<u>4,155,042</u>	<u>(8,839,373)</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(355,937)	(1,362,249)
Series F Units	(4,238)	(5,767)
	<u>(360,175)</u>	<u>(1,368,016)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	8,562,160	18,023,338
Series F Units	133,640	506,086
Reinvested distributions		
Series A Units	330,053	1,241,482
Series F Units	3,444	5,489
Payments on redemption		
Series A Units	(38,776,448)	(76,814,188)
Series F Units	(474,061)	(158,403)
	<u>(30,221,212)</u>	<u>(57,196,196)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(26,115,265)	(67,720,921)
Series F Units	(311,080)	317,336
	<u>(26,426,345)</u>	<u>(67,403,585)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	82,361,099	108,476,364
Series F Units	292,712	603,792
	<u>\$ 82,653,811</u>	<u>\$ 109,080,156</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
	U.S.\$	U.S.\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 4,155,042	\$ (8,839,373)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	368,214	6,840,353
Change in unrealized (appreciation) depreciation on sale of non- derivative financial assets	(4,108,664)	3,276,256
Purchases of non-derivative financial assets	(168,358,950)	(370,803,627)
Proceeds from sale of non-derivative financial assets	197,873,026	425,692,631
Accrued investment income	167,189	613,797
Net cash provided by (used in) operating activities	<u>30,095,857</u>	<u>56,780,037</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	8,572,675	18,666,020
Amounts paid on redemption of redeemable units	(39,214,020)	(77,173,314)
Distributions to unitholders of redeemable units	(26,680)	(121,197)
Net cash provided by (used in) financing activities	<u>(30,668,025)</u>	<u>(58,628,491)</u>
Net increase (decrease) in cash	(572,168)	(1,848,454)
Cash (Bank Indebtedness) at beginning of period	591,058	2,439,512
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 18,890</u>	<u>\$ 591,058</u>
Interest received(1)	2,096,886	4,438,194

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
U.S.\$		U.S.\$	U.S.\$
BOND AND DEBENTURE INSTRUMENTS – 99.5%			
Federal Bonds – 24.9%			
	Government of Canada		
20,575,000	0.88% due Feb. 14, 2017	20,626,642	20,602,451
Provincial Bonds – 26.8%			
	Province of British Columbia		
1,040,000	7.25% due Sep. 1, 2036	1,587,248	1,648,549
	Province of Ontario		
20,000,000	2.30% due May 10, 2016	20,726,364	20,446,289
		<u>22,313,612</u>	<u>22,094,838</u>
Corporate Bonds – 36.5%			
	American Honda Finance Corporation		
926,000	3.88% due Sep. 21, 2020	997,873	991,587
	Anheuser-Busch InBev NV		
1,900,000	2.63% due Jan. 17, 2023	1,896,827	1,849,916
	Caterpillar Inc.		
1,500,000	3.40% due May 15, 2024	1,513,886	1,560,398
	Coca-Cola Company, The		
1,500,000	3.20% due Nov. 1, 2023	1,504,800	1,569,008
	Deere & Company (callable)		
1,900,000	2.60% due Jun. 08, 2022 (Mar. 08, 2022)	1,948,051	1,885,066
	General Electric Company		
1,900,000	3.10% due Jan. 9, 2023	1,908,265	1,922,249
	International Business Machines Corporation		
1,500,000	1.63% due May 15, 2020	1,436,985	1,456,943
	McDonald's Corporation		
1,500,000	3.63% due May 20, 2021	1,610,722	1,614,090
	Merck & Co., Inc.		
500,000	1.10% due Jan. 31, 2018	497,167	495,550
	Pfizer Inc.		
1,500,000	2.10% due May 15, 2019	1,514,900	1,516,538
	Procter & Gamble Company, The		
1,900,000	3.10% due Aug. 15, 2023	1,881,000	1,960,383
	Shell International Finance		
1,900,000	2.25% due Jan. 6, 2023	1,853,602	1,814,377
	Suncor Energy, Inc. (callable)		
2,000,000	3.60% due Dec. 1, 2024 (Sep. 1, 2024)	2,026,420	1,991,820
	Total Capital SA		
1,900,000	2.70% due Jan. 25, 2023	1,941,515	1,847,874
	Toyota Motor Credit Corp		
1,900,000	2.63% due Jan. 10, 2023	1,881,000	1,885,009
	Wal-Mart Stores Inc. (callable)		
1,900,000	2.55% due Apr. 11, 2023 (Jan. 11, 2023)	1,906,954	1,874,911
	Walt Disney Company, The		
1,900,000	2.75% due Aug. 16, 2021	1,890,500	1,927,731
	Wells Fargo & Company		
1,900,000	3.50% due Mar. 8, 2022	2,019,149	1,997,936
		<u>30,229,616</u>	<u>30,161,386</u>
United States Treasury Notes – 11.3%			
	United States Treasury Note		
9,420,000	2.75% due Aug. 15, 2042	8,328,051	9,373,136
	TOTAL INVESTMENT PORTFOLIO	<u>81,497,921</u>	<u>82,231,811</u>
	OTHER ASSETS, LESS LIABILITIES – 0.5%		422,000
	NET ASSETS – 100.0%		<u>82,653,811</u>

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

Scotia U.S. \$ Bond Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide a high level of interest income. It invests primarily in bonds and treasury bills that are denominated in U.S. dollars and are issued by Canadian federal, provincial and municipal governments, Canadian corporations, and supranational entities, such as the World Bank.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$109,020,773	\$176,321,989
Revaluation of Investments at FVTPL	59,383	161,752
Net assets attributable to holders of redeemable units	\$109,080,156	\$176,483,741

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$(8,737,003)
Revaluation of Investments at FVTPL	(102,370)
Increase (decrease) in net assets attributable to holders of redeemable units	\$(8,839,373)

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ —	\$ —	\$ 13,669,784
1-3 years	41,048,745	19,762,103	41,587,982
3-5 years	2,012,087	40,824,112	33,903,204
5-10 years	28,149,294	37,355,560	41,553,759
> 10 years	11,021,685	10,063,663	35,034,113
Total	\$82,231,811	\$108,005,438	\$165,748,842

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$1,178,971 or approximately 1.4% (December 31, 2013 – \$1,542,635 or approximately 1.4%, January 1, 2013 – \$2,682,606 or approximately 1.5%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk as the Fund did not hold any equities or commodities.

Scotia U.S. \$ Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
Bond Rating						
AAA	36.4	36.2	37.3	36.9	32.3	30.4
AA	42.5	42.3	41.6	41.2	40.2	37.7
A	21.1	21.0	13.2	13.1	21.6	20.3
BBB	–	–	7.9	7.8	5.9	5.5
Total	100.0	99.5	100.0	99.0	100.0	93.9

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$217,858	\$ –	\$181,372	\$ –	\$6,042,390
Redeemable units	82,653,811	–	109,080,156	–	176,483,741	–
	\$82,653,811	\$217,858	\$109,080,156	\$181,372	\$176,483,741	\$6,042,390

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Federal Bonds	24.9	32.0	4.7
Provincial Bonds	26.8	–	37.5
Corporate Bonds	36.5	36.6	33.5
United States Treasury Notes	11.3	30.4	18.2
Money Market Instruments	–	–	4.1

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$ 82,231,811	\$ –	\$ 82,231,811

December 31, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$108,005,438	\$ –	\$108,005,438

Scotia U.S. \$ Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$165,748,842	\$ –	\$165,748,842
Money Market Instruments	–	7,265,751	–	7,265,751
	\$ –	\$173,014,593	\$ –	\$173,014,593

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (U.S. \$)	IFRS net assets per unit (U.S.\$)	Pricing NAV per unit (U.S. \$)	IFRS net assets per unit (U.S.\$)
Series A	11.34	11.34	10.90	10.90
Series F	11.33	11.33	10.87	10.87

Scotia Global Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$11,694,983	\$12,803,311	\$32,676,054
Unrealized gain on currency forward contracts	342,511	15,363	2,422
Cash	609,429	573,509	438,869
Accrued investment income	77,845	77,013	203,317
Subscriptions receivable	37,258	3,167	16,284
	<u>12,762,026</u>	<u>13,472,363</u>	<u>33,336,946</u>
LIABILITIES			
Current liabilities			
Distributions payable	—	—	3
Redemptions payable	67,225	8,145	4,299
Unrealized loss on currency forward contracts	548,119	61,957	130,712
	<u>615,344</u>	<u>70,102</u>	<u>135,014</u>
Net Assets attributable to holders of redeemable units	<u>\$12,146,682</u>	<u>\$13,402,261</u>	<u>\$33,201,932</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$12,146,682	\$13,402,261	\$17,770,050
Series I Units	\$ —	\$ —	\$15,431,882
UNITS OUTSTANDING			
Series A Units	1,370,549	1,623,614	2,062,383
Series I Units	—	—	1,802,444
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 8.86	\$ 8.25	\$ 8.62
Series I Units	\$ —	\$ —	\$ 8.56

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 310,348	\$ 733,128
Net realized gain (loss) on non-derivative financial assets	362,655	(467,943)
Net realized gain (loss) on currency forwards	(69,635)	(759,381)
Net gain (loss) foreign exchange	32,184	11,075
Change in unrealized appreciation (depreciation) of non-derivative financial assets	732,407	(325,297)
Change in unrealized appreciation (depreciation) of currency forwards	(159,014)	81,696
Net gain (loss) on investments	<u>1,208,945</u>	<u>(726,722)</u>
Securities lending	256	43
Net realized (gain) loss foreign exchange on cash	3,885	(62,189)
Other income	771	2,396
Total income (loss)	<u>1,213,857</u>	<u>(786,472)</u>
EXPENSES		
Management fees (note 5)	193,154	233,629
Administration fees (note 6)	13,367	—
Harmonized Sales Tax/Goods and Services Tax	25,813	31,840
Audit fees	280	1,221
Independent Review Committee fees	27	66
Custodian fees	357	691
Filing fees	8,807	14,870
Legal fees	43	178
Unitholder reporting costs	7,618	11,404
Unitholder administration and service fees	22,505	41,888
Overdraft charges	292	4
Total expenses	<u>272,263</u>	<u>335,791</u>
Absorbed expenses	—	(9)
Net expenses	<u>272,263</u>	<u>335,782</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 941,594</u>	<u>\$(1,122,254)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 941,594	\$ (647,066)
Series I Units	\$ —	\$ (475,188)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.64	\$ (0.35)
Series I Units	\$ —	\$ (0.27)
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	1,467,334	1,861,154
Series I Units	—	1,774,726

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

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

Scotia Global Bond Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$13,402,261	\$ 17,770,050
Series I Units	–	15,431,882
	<u>13,402,261</u>	<u>33,201,932</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	941,594	(647,066)
Series I Units	–	(475,188)
	<u>941,594</u>	<u>(1,122,254)</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	–	(61,069)
Series I Units	–	(199,179)
	<u>–</u>	<u>(260,248)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,722,155	1,484,674
Series I Units	–	293,993
Reinvested distributions		
Series A Units	–	59,696
Series I Units	–	199,179
Payments on redemption		
Series A Units	(3,919,328)	(5,204,024)
Series I Units	–	(15,250,687)
	<u>(2,197,173)</u>	<u>(18,417,169)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(1,255,579)	(4,367,789)
Series I Units	–	(15,431,882)
	<u>(1,255,579)</u>	<u>(19,799,671)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$12,146,682</u>	<u>\$ 13,402,261</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 941,594	\$ (1,122,254)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(362,655)	467,943
Net unrealized (gain) loss foreign exchange on cash	(19,112)	40,440
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(732,407)	325,297
Change in unrealized (appreciation) depreciation of forward currency contracts	159,014	(81,696)
Purchases of non-derivative financial assets	(21,724,505)	(30,864,124)
Proceeds from sale of non-derivative financial assets	23,927,895	49,943,627
Accrued investment income	(832)	126,304
Net cash provided by (used in) operating activities	<u>2,188,992</u>	<u>18,835,537</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1,688,064	1,791,784
Amounts paid on redemption of redeemable units	(3,860,248)	(20,450,865)
Distributions to unitholders of redeemable units	–	(1,376)
Net cash provided by (used in) financing activities	<u>(2,172,184)</u>	<u>(18,660,457)</u>
Net unrealized (gain) loss foreign exchange on cash	19,112	(40,440)
Net increase (decrease) in cash	16,808	175,080
Cash (Bank Indebtedness) at beginning of period	573,509	438,869
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 609,429</u>	<u>\$ 573,509</u>
Interest received(1)	309,516	859,432

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 96.3%			
Australian Dollar – 11.3%			
	Government of Australia		
1,300,000	4.50% due Apr. 15, 2020	<u>1,344,359</u>	<u>1,366,244</u>
British Pound – 7.8%			
	United Kingdom Treasury Gilt		
400,000	5.00% due Mar. 7, 2025	<u>790,484</u>	<u>943,120</u>
Canadian Dollar – 7.0%			
	Government of Canada		
850,000	1.25% due Feb. 1, 2016	<u>852,423</u>	<u>852,256</u>
Euro – 18.6%			
	Bundesrepublik Deutschland		
500,000	3.25% due Jul. 4, 2021	868,795	844,520
	Government of Netherlands		
700,000	3.25% due Jul. 15, 2021	1,185,486	1,172,740
	Republic of Austria		
160,000	1.75% due Oct. 20, 2023	<u>247,046</u>	<u>247,703</u>
		<u>2,301,327</u>	<u>2,264,963</u>
Swedish Krona – 2.5%			
	Swedish Government		
1,700,000	3.50% due Jun. 1, 2022	<u>319,241</u>	<u>306,080</u>
United States Dollar – 49.1%			
	United States Treasury Note		
2,100,000	0.25% due Feb. 29, 2016	2,372,517	2,433,924
2,375,000	2.75% due Nov. 15, 2023	2,674,682	2,893,298
550,000	2.75% due Aug. 15, 2042	<u>552,939</u>	<u>635,098</u>
		<u>5,600,138</u>	<u>5,962,320</u>
	TOTAL INVESTMENT PORTFOLIO	<u>11,207,972</u>	<u>11,694,983</u>
	Currency Forward Contracts – (1.7%)		(205,608)
	OTHER ASSETS, LESS LIABILITIES – 5.4%		<u>657,307</u>
	NET ASSETS – 100.0%		<u>12,146,682</u>

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

Scotia Global Bond Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 30, 2015	British Pound	554,717	U.S. Dollar	893,524	1,037,588	(34,266)
Jan. 30, 2015	British Pound	287,015	U.S. Dollar	450,000	522,554	(3,428)
Jan. 30, 2015	Canadian Dollar	1,827,808	U.S. Dollar	1,600,000	1,860,270	(32,462)
Jan. 30, 2015	Canadian Dollar	635,514	U.S. Dollar	550,000	639,468	(3,954)
Jan. 30, 2015	Canadian Dollar	635,459	U.S. Dollar	550,000	639,468	(4,009)
Jan. 30, 2015	Canadian Dollar	634,843	U.S. Dollar	550,000	639,468	(4,625)
Jan. 30, 2015	Canadian Dollar	537,274	U.S. Dollar	481,515	559,843	(22,568)
Jan. 30, 2015	European Euro	1,917,000	Canadian Dollar	2,727,316	2,721,059	(29,626)
Jan. 30, 2015	Japanese Yen	288,900,000	U.S. Dollar	2,675,124	3,103,975	(304,940)
Jan. 30, 2015	Japanese Yen	161,336,000	U.S. Dollar	1,400,000	1,624,435	(61,316)
Jan. 30, 2015	Japanese Yen	96,953,125	U.S. Dollar	850,000	986,264	(46,925)
Jan. 30, 2015	U.S. Dollar	1,153,202	Australian Dollar	1,305,000	1,233,877	104,411
Jan. 30, 2015	U.S. Dollar	1,751,438	European Euro	1,374,000	1,929,760	102,777
Jan. 30, 2015	U.S. Dollar	1,000,000	Japanese Yen	113,450,000	1,099,228	61,269
Jan. 30, 2015	U.S. Dollar	1,000,000	Japanese Yen	114,145,000	1,105,962	54,535
Jan. 30, 2015	U.S. Dollar	267,910	Swedish Krona	1,960,000	291,390	19,519
						<u>(205,608)</u>

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

Scotia Global Bond Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide a high level of regular interest income. It invests primarily in foreign currency denominated bonds and money market instruments issued by Canadian federal, provincial and municipal governments and Canadian corporations, and by foreign governments and corporations, and supranational entities, such as the World Bank.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$13,391,251	\$33,164,973
Revaluation of Investments at FVTPL	11,010	36,959
Net assets attributable to holders of redeemable units	\$13,402,261	\$33,201,932

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$(1,096,306)
Revaluation of Investments at FVTPL	(25,948)
Increase (decrease) in net assets attributable to holders of redeemable units	\$(1,122,254)

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ —	\$ —	\$ 5,025,195
1-3 years	3,286,179	5,569,261	9,174,516
3-5 years	—	898,599	3,660,849
5-10 years	6,830,587	4,378,018	3,639,514
> 10 years	1,578,217	1,957,433	10,984,571
Total	\$11,694,983	\$12,803,311	\$32,484,645

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$180,940 or approximately 1.5% (December 31, 2013 – \$203,702 or approximately 1.5%, January 1, 2013 – \$565,429 or approximately 1.7%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian

Scotia Global Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			strengthened or weakened by 10%	Percentage of Net Assets (%)
Japanese Yen	3,509,486	28.9	350,949	2.9
European Euro	3,450,631	28.4	345,063	2.8
British Pound	2,503,263	20.6	250,326	2.1
Australian Dollar	187,832	1.5	18,783	0.2
US Dollar	60,665	0.5	6,067	0.0
Swedish Krona	23,548	0.2	2,355	0.0
Total	9,735,425	80.1	973,543	8.0

December 31, 2013				
Currency	Net Currency Exposure	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	4,328,347	32.3	432,835	3.2
European Euro	3,815,573	28.5	381,557	2.8
Japanese Yen	3,653,779	27.3	365,378	2.7
British Pound	1,136,927	8.5	113,693	0.8
Australian Dollar	236,386	1.8	23,639	0.2
Total	13,171,012	98.4	1,317,102	9.7

January 1, 2013				
Currency	Net Currency Exposure	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	16,343,865	49.2	1,634,387	4.9
Japanese Yen	10,155,694	30.6	1,015,569	3.1
British Pound	2,529,494	7.6	252,949	0.8
European Euro	2,232,393	6.7	223,239	0.7
Korean Won	523,031	1.6	52,303	0.2
Australian Dollar	483,183	1.5	48,318	0.1
Mexican Peso	198,642	0.6	19,864	0.1
Total	32,466,301	97.8	3,246,629	9.9

iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk as the Fund did not hold any equities or commodities.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
Bond Rating						
AAA	100.0	96.3	46.8	44.7	78.7	77.0
AA	—	—	53.2	50.8	8.4	8.2
A	—	—	—	—	12.9	12.6
Total	100.0	96.3	100.0	95.5	100.0	97.8

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

Scotia Global Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ 67,225	\$ –	\$ 8,145	\$ –	\$ 4,302
Unrealized loss on currency forward contracts	–	548,119	–	61,957	–	130,712
Redeemable units	12,146,682	–	13,402,261	–	33,201,932	–
	\$12,146,682	\$615,344	\$13,402,261	\$70,102	\$33,201,932	\$135,014

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Australian Dollar Bonds	11.3	25.9	14.7
British Pounds Bonds	7.8	18.8	15.2
Canadian Dollar Bonds	7.0	–	–
European Euro Bonds	18.6	–	–
Swedish Krona Bonds	2.5	–	–
United States Dollar Bonds	49.1	50.8	67.9
Money Market Instruments	–	–	0.6
Currency Forward Contracts	(1.7)	(0.3)	(0.4)

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$11,694,983	\$ –	\$11,694,983
Currency Forward Contracts–Assets	–	342,511	–	342,511
	–	12,037,494	–	12,037,494
Currency Forward Contracts–Liabilities	–	(548,119)	–	(548,119)
	\$ –	\$11,489,375	\$ –	\$11,489,375

December 31, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$12,803,311	\$ –	\$12,803,311
Currency Forward Contracts–Assets	–	15,363	–	15,363
	–	12,818,674	–	12,818,674
Currency Forward Contracts–Liabilities	–	(61,957)	–	(61,957)
	\$ –	\$12,756,717	\$ –	\$12,756,717

January 1, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$32,484,645	\$ –	\$32,484,645
Money Market Instruments	–	191,409	–	191,409
Currency Forward Contracts–Assets	–	2,422	–	2,422
	–	32,678,476	–	32,678,476
Currency Forward Contracts–Liabilities	–	(130,712)	–	(130,712)
	\$ –	\$32,547,764	\$ –	\$32,547,764

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

Scotia Global Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$342,511	\$(317,459)	\$ –	\$ 25,052
Swap contracts	–	–	–	–
Total	\$342,511	\$(317,459)	\$ –	\$ 25,052

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$548,119	\$(317,459)	\$ –	\$230,660
Swap contracts	–	–	–	–
Total	\$548,119	\$(317,459)	\$ –	\$230,660

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 15,363	\$ (241)	\$ –	\$ 15,122
Swap contracts	–	–	–	–
Total	\$ 15,363	\$ (241)	\$ –	\$ 15,122

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 61,957	\$ (241)	\$ –	\$ 61,716
Swap contracts	–	–	–	–
Total	\$ 61,957	\$ (241)	\$ –	\$ 61,716

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 2,422	\$ (2,422)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 2,422	\$ (2,422)	\$ –	\$ –

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$130,712	\$ (2,422)	\$ –	\$128,290
Swap contracts	–	–	–	–
Total	\$130,712	\$ (2,422)	\$ –	\$128,290

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia Global Bond Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	8.86	8.86	8.25	8.25

Scotia Diversified Monthly Income Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$2,462,514,742	\$2,385,880,681	\$2,156,043,970
Unrealized gain on accumulator contracts	14,432	—	—
Unrealized gain on currency forward contracts	859,740	—	—
Cash*	311,861,823	255,967,984	230,024,652
Accrued investment income	4,530,899	4,458,542	5,255,085
Receivable for securities sold	6,969,315	691,719	655,972
Subscriptions receivable	3,053,850	3,207,837	3,054,122
	<u>2,789,804,801</u>	<u>2,650,206,763</u>	<u>2,395,033,801</u>
LIABILITIES			
Current liabilities			
Non-derivative financial liabilities	1,911,413	—	—
Payable for securities purchased	107,450	4,329,000	—
Distributions payable	632,024	584,698	579,315
Redemptions payable	1,949,280	2,075,704	1,589,905
Unrealized loss on currency forward contracts	1,618,778	474,643	623,792
	<u>6,218,945</u>	<u>7,464,045</u>	<u>2,793,012</u>
Net Assets attributable to holders of redeemable units	<u>\$2,783,585,856</u>	<u>\$2,642,742,718</u>	<u>\$2,392,240,789</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$2,777,525,341	\$2,632,895,546	\$2,387,353,361
Advisor Series Units	\$ 5,032,840	\$ 9,030,665	\$ 4,036,351
Series F Units	\$ 1,027,675	\$ 816,507	\$ 851,077
UNITS OUTSTANDING			
Series A Units	252,064,714	249,028,827	238,857,780
Advisor Series Units	471,147	876,043	411,343
Series F Units	88,904	74,094	82,086
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 11.02	\$ 10.57	\$ 9.99
Advisor Series Units	\$ 10.68	\$ 10.31	\$ 9.81
Series F Units	\$ 11.56	\$ 11.02	\$ 10.37

* \$40,614,085 held by brokers as collateral for written put options (Dec. 31, 2013 – \$21,862,404, Jan. 1, 2013 – \$6,324,443)

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 45,595,081	\$ 46,502,232
Interest for distribution purposes	40,167,101	41,263,315
Capital gains distributions received	720,144	3,837,007
Net realized gain (loss) on non-derivative financial assets	143,719,058	55,175,524
Net realized gain (loss) on futures contracts	(3,494,581)	681,505
Net realized gain (loss) on currency forwards	(12,467,737)	(13,937,030)
Net realized gain (loss) on swap contracts	(4,051,096)	(2,494,495)
Net gain (loss) foreign exchange	(125,009)	(132,780)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	28,068,816	140,006,103
Change in unrealized appreciation (depreciation) of currency forwards	(284,395)	149,149
Change in unrealized appreciation (depreciation) of accumulator contracts	14,432	—
Net gain (loss) on investments	<u>237,861,814</u>	<u>271,050,530</u>
Securities lending	85,597	34,303
Net realized (gain) loss foreign exchange on cash	9,050,937	605,564
Other income	49,371	44,849
Total income (loss)	<u>247,047,719</u>	<u>271,735,246</u>
EXPENSES		
Management fees (note 5)	34,334,041	31,789,663
Administration fees (note 6)	601,312	—
Harmonized Sales Tax/Goods and Services Tax	3,961,842	3,715,534
Audit fees	59,450	83,383
Independent Review Committee fees	5,679	4,541
Custodian fees	24,901	33,916
Filing fees	70,961	103,584
Legal fees	8,825	12,822
Unitholder reporting costs	123,666	143,581
Unitholder administration and service fees	678,163	1,067,817
Overdraft charges	28	21
Foreign withholding taxes/tax reclaims	1,820,224	1,405,467
Transaction costs	1,826,057	1,193,162
Total expenses	<u>43,515,149</u>	<u>39,553,491</u>
Absorbed expenses	(409)	(1,663)
Net expenses	<u>43,514,740</u>	<u>39,551,828</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$203,532,979</u>	<u>\$232,183,418</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$202,984,240	\$231,456,896
Advisor Series Units	\$ 473,042	\$ 648,351
Series F Units	\$ 75,697	\$ 78,171
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.81	\$ 0.93
Advisor Series Units	\$ 0.79	\$ 1.21
Series F Units	\$ 0.89	\$ 1.04
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	250,969,184	248,833,746
Advisor Series Units	600,566	535,427
Series F Units	85,394	75,272

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

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

Scotia Diversified Monthly Income Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$2,632,895,546	\$2,387,353,361
Advisor Series Units	9,030,665	4,036,351
Series F Units	816,507	851,077
	<u>2,642,742,718</u>	<u>2,392,240,789</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	202,984,240	231,456,896
Advisor Series Units	473,042	648,351
Series F Units	75,697	78,171
	<u>203,532,979</u>	<u>232,183,418</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(39,864,159)	(47,649,271)
Advisor Series Units	(89,894)	(105,575)
Series F Units	(13,131)	(14,232)
From realized gain		
Series A Units	(51,514,310)	–
Advisor Series Units	(119,925)	–
Series F Units	(18,328)	–
Return of capital		
Series A Units	–	(41,917,028)
Advisor Series Units	–	(92,875)
Series F Units	–	(12,519)
	<u>(91,619,747)</u>	<u>(89,791,500)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	439,797,136	517,226,738
Advisor Series Units	781,695	6,052,134
Series F Units	322,031	109,776
Reinvested distributions		
Series A Units	84,570,403	82,474,673
Advisor Series Units	122,017	122,977
Series F Units	23,732	15,888
Payments on redemption		
Series A Units	(491,343,514)	(496,049,823)
Advisor Series Units	(5,164,760)	(1,630,698)
Series F Units	(178,834)	(211,654)
	<u>28,929,906</u>	<u>108,110,011</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	144,629,795	245,542,185
Advisor Series Units	(3,997,825)	4,994,314
Series F Units	211,168	(34,570)
	<u>140,843,138</u>	<u>250,501,929</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	2,777,525,341	2,632,895,546
Advisor Series Units	5,032,840	9,030,665
Series F Units	1,027,675	816,507
	<u>\$2,783,585,856</u>	<u>\$2,642,742,718</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 203,532,979	\$ 232,183,418
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(143,719,058)	(55,175,524)
Net unrealized (gain) loss foreign exchange on cash	(9,133,032)	(539,782)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(28,068,816)	(140,006,103)
Change in unrealized (appreciation) depreciation of forward currency contracts	284,395	(149,149)
Change in unrealized (appreciation) depreciation of accumulator contracts	(14,432)	–
Purchases of non-derivative financial assets	(973,095,574)	(692,134,630)
Proceeds from sale of non-derivative financial assets	1,057,857,527	660,584,549
Transaction costs	1,804,127	1,188,249
Accrued investment income	(72,357)	796,543
Net cash provided by (used in) operating activities	<u>109,375,759</u>	<u>6,747,571</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	441,054,849	523,234,933
Amounts paid on redemption of redeemable units	(496,813,532)	(497,406,376)
Distributions to unitholders of redeemable units	(6,856,269)	(7,172,578)
Net cash provided by (used in) financing activities	<u>(62,614,952)</u>	<u>18,655,979</u>
Net unrealized (gain) loss foreign exchange on cash	9,133,032	539,782
Net increase (decrease) in cash	46,760,807	25,403,550
Cash (Bank Indebtedness) at beginning of period	255,967,984	230,024,652
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 311,861,823</u>	<u>\$ 255,967,984</u>
Interest received(1)	40,173,910	41,191,428
Dividends received, net of withholding taxes(1)	43,695,691	45,965,195

(1) Classified as operating items.

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

Scotia Diversified Monthly Income Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares/ Number of Contracts/ Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 53.2%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 30.8%				FOREIGN EQUITIES (cont'd)			
Energy – 10.3%				United States (cont'd)			
316,966	ARC Resources Ltd.	10,326,041	7,974,865	Consumer Staples – 0.2%			
1,882,600	Crescent Point Energy Corp.	79,690,920	50,660,766	60,100	CVS Caremark Corporation	6,519,066	6,717,223
1,243,000	Enbridge Inc.	47,463,111	74,256,820	(675)	CVS Health Corporation, Written Put Options \$87.50		
1,284,125	Pembina Pipeline Corporation	38,764,624	54,369,853		Jan. 17, 2015	(786)	(5,092)
6,043,861	Pengrowth Energy Corp.	58,348,368	22,120,531	(675)	CVS Health Corporation, Written Put Options, \$87.00,		
948,000	TransCanada Corporation	38,471,826	54,130,800		Jan.23, 2015	(1,572)	(7,442)
405,541	Vermilion Energy, Inc.	20,411,639	23,115,837			6,516,708	6,704,689
		293,476,529	286,629,472	Health Care – 3.6%			
Materials – 1.2%				461,500	Covidien PLC	48,454,046	54,796,765
260,000	Agrium Inc.	27,647,501	28,600,000	112,500	Gilead Sciences, Inc.	13,688,439	12,306,197
1,632,968	Canexus Corp.	10,482,887	5,323,476	(622)	Gilead Sciences, Inc., Written Put Options, \$91.00, Jan. 30, 2015	(1,085)	(164,577)
		38,130,388	33,923,476	(1,225)	Gilead Sciences, Inc., Written Put Options, \$97.50, Jan. 17, 2015	(3,547)	(685,926)
Consumer Staples – 2.0%				171,567	Johnson & Johnson	17,495,500	20,820,194
888,756	Loblaws Companies Limited	44,802,717	55,253,961	157,837	Medtronic, Inc.	10,494,813	13,224,825
Financials – 10.8%				(677)	Stryker Corporation, Written Put Options, \$90.00, Jan. 17, 2015	(1,533)	(41,247)
806,000	Bank of Nova Scotia, The	43,635,133	53,445,860	(677)	Stryker Corporation, Written Put Options, \$92.50, Jan. 17, 2015	(1,544)	(96,243)
270,000	Brookfield Asset Management Inc., Class A	13,982,188	15,719,400			90,125,089	100,159,988
73,000	CI Financial Corporation	2,306,800	2,357,170	Financials – 3.1%			
598,178	First Capital Realty, Inc.	7,873,293	11,162,001	(3,450)	Bank of America, N.A., Written Put Options, \$17.50,		
857,000	Great-West Lifeco Inc.	24,519,896	28,786,630		Jan. 30, 2015	(4,012)	(116,108)
150,600	H&R Real Estate Investment Trust	3,184,390	3,272,538	2,884	Blackstone Group LP	107,450	113,091
164,900	Manulife Financial Corporation	3,550,135	3,657,482	(1,188)	Citigroup Inc., Written Put Options, \$48.50, Jan. 30, 2015	(1,382)	(28,952)
939,800	Manulife Financial Corporation Subscription Receipts	20,205,700	20,807,172	(1,102)	Citigroup Inc., Written Put Options, \$55.00, Jan. 17, 2015	(1,260)	(201,422)
1,047,726	RioCan Real Estate Investment Trust	28,386,628	27,691,398	(995)	JPMorgan Chase & Co., Written Put Options, \$60.00,		
684,000	Royal Bank of Canada	49,137,508	54,884,160		Jan. 30, 2015	(1,156)	(81,406)
543,400	Sun Life Financial Inc.	21,834,282	22,779,328	556,300	U.S. Bancorp	22,701,751	29,019,015
1,010,000	Toronto-Dominion Bank, The	38,342,605	56,065,100	914,000	Wells Fargo & Company	33,454,539	58,147,244
		256,958,558	300,628,239	(1,114)	Wells Fargo & Company, Written Put Options, \$53.50,		
Telecommunication Services – 3.7%					Jan. 23, 2015	(1,284)	(71,750)
525,000	BCE Inc.	18,173,019	27,972,000			56,254,646	86,779,712
651,720	Rogers Communications, Inc., Class B	26,358,201	29,438,192	Information Technology – 2.0%			
1,094,988	TELUS Corporation	35,145,593	45,869,047	110,000	Apple Inc.	14,486,082	14,090,519
		79,676,813	103,279,239	(525)	Apple Inc. Written Put Options \$110.00 Jan. 17, 2015	(1,195)	(131,296)
Utilities – 2.8%				(578)	Apple Inc., Written Put Options \$108.00 Jan. 9, 2015	(1,309)	(54,668)
1,046,273	Brookfield Infrastructure Partners LP	24,463,520	50,901,181	(546)	Apple Inc., Written Put Options, \$106.00, Jan. 30, 2015	(635)	(143,517)
152,593	Brookfield Renew Energy Partners LP	3,202,221	5,478,089	756,000	Microsoft Corporation	41,319,178	40,752,234
548,821	Fortis, Inc.	16,482,501	21,382,066			55,802,121	54,513,272
		44,148,242	77,761,336	Telecommunication Services – 2.0%			
TOTAL CANADIAN EQUITIES				1,006,000	Verizon Communications Inc.	53,121,161	54,596,252
		757,193,247	857,475,723			468,011,981	621,456,608
FOREIGN EQUITIES – 22.4%					TOTAL UNITED STATES EQUITIES		
United States – 22.4%					TOTAL EQUITIES	1,225,205,228	1,478,932,331
Industrials – 3.8%				FIXED INCOME FUNDS – 35.3%			
414,500	Honeywell International Inc.	35,960,776	48,073,726	39,390,292	Scotia Canadian Income Fund Series I	534,622,178	547,926,839
416,000	Union Pacific Corporation	38,651,152	57,511,988	40,029,178	Scotia Private Canadian Corporate Bond Pool Series I	415,432,489	433,744,159
		74,611,928	105,585,714			950,054,667	981,670,998
Consumer Discretionary – 7.7%					TOTAL INVESTMENT PORTFOLIO	2,175,259,895	2,460,603,329
1,653,000	Comcast Corporation, Class A	43,089,342	111,280,643	Currency Forward Contracts – 0.0%			
197,395	Home Depot Inc., The	20,186,405	24,041,552		Accumulator Contracts – 0.0%		(759,038)
(640)	NIKE, Inc. Written Put Options, \$94.00, Jan. 30, 2015	(1,488)	(80,214)		OTHER ASSETS, LESS LIABILITIES – 11.5%		323,727,133
232,230	NIKE, Inc., Class B	25,395,779	25,903,199		NET ASSETS – 100.0%		2,783,585,856
475,606	Walt Disney Company, The	42,911,047	51,973,354				
(669)	Walt Disney Company, The Written Put Options \$90.00 Jan. 17, 2015	(757)	(1,553)				
		131,580,328	213,116,981				

For equities, all common shares unless otherwise noted.

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

Scotia Diversified Monthly Income Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	58,918,327	U.S. Dollar	52,100,000	60,518,765	(1,600,439)
Jan. 15, 2015	Canadian Dollar	1,607,885	U.S. Dollar	1,400,000	1,626,224	(18,339)
Jan. 15, 2015	U.S. Dollar	41,800,000	Canadian Dollar	47,927,546	47,882,848	625,914
Jan. 15, 2015	U.S. Dollar	10,300,000	Canadian Dollar	11,754,309	11,743,346	209,770
Jan. 15, 2015	U.S. Dollar	1,400,000	Canadian Dollar	1,602,133	1,600,639	24,056
						<u>(759,038)</u>

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A by Standard & Poor's.

ACCUMULATOR CONTRACTS

Outstanding Number of Units	Termination date	Currency	Current Notional Amount	Strike Price	Knock-Out Price	Unrealized Gain (Loss)
Blackstone Group L.P., Counterparty: Toronto-Dominion Bank, The 7,931	Jan. 22, 2015	USD	254,622	32.10	36.29	<u>14,432</u>

The accumulator contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of AA- by Standard & Poor's.

Scotia Diversified Monthly Income Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

i) The Fund's investment objective is to provide regular monthly income and some capital appreciation. It invests primarily in a diversified portfolio of income-generating securities such as:

- dividend-paying common shares
- preferred shares
- investment grade bonds
- convertible debentures
- mortgages
- high yield bonds
- asset-backed and mortgage-backed securities
- income trust units.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

(i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$2,642,553,302	\$2,390,498,700
Revaluation of Investments at FVTPL	189,416	1,742,089
Net assets attributable to holders of redeemable units	\$2,642,742,718	\$2,392,240,789

(ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$233,736,091
Revaluation of Investments at FVTPL	(1,552,673)
Increase (decrease) in net assets attributable to holders of redeemable units	\$232,183,418

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's portfolio of bond and debenture instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ –	\$ –	\$ –
1-3 years	–	–	–
3-5 years	–	–	–
5-10 years	–	–	–
> 10 years	–	3,958,500	–
Total	\$ –	\$3,958,500	\$ –

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

Scotia Diversified Monthly Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$15,067,477 or approximately 0.5% (December 31, 2013 – \$13,782,009 or approximately 0.5%, January 1, 2013 – \$14,946,477 or approximately 0.6%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
US Dollar	702,387,548	25.2	70,238,755	2.5
Total	702,387,548	25.2	70,238,755	2.5

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	475,708,724	18.0	47,570,872	1.8
European Euro	28,157,372	1.1	2,815,737	0.1
Total	503,866,096	19.1	50,386,609	1.9

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	146,819,324	6.1	14,681,932	0.6
Total	146,819,324	6.1	14,681,932	0.6

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 53.1% (December 31, 2013 – 53.4%, January 1, 2013 – 47.7%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$147,893,233 (December 31, 2013 – \$141,229,986, January 1, 2013 – \$114,041,628). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Scotia Diversified Monthly Income Fund (continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iv) Credit risk

The Fund had no significant direct exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
AAA	–	–	–	–	57.0	0.7
AA	–	–	–	–	43.0	0.5
A	–	–	100.0	0.2	–	–
Total	–	–	100.0	0.2	100.0	1.2

v) Liquidity risk (note 3)

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$2,688,754	\$ –	\$6,989,402	\$ –	\$2,169,220
Unrealized loss on currency forward contracts	–	1,618,778	–	474,643	–	623,792
Redeemable units	2,783,585,856	–	2,642,742,718	–	2,392,240,789	–
	\$2,783,585,856	\$4,307,532	\$2,642,742,718	\$7,464,045	\$2,392,240,789	\$2,793,012

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities	30.8	30.4	39.4
Foreign Equities	22.4	23.0	8.3
Bond and Debenture Instruments	–	0.2	–
Fixed Income Funds	35.3	36.7	42.4
Currency Forward Contracts	0.0	0.0	0.0
Accumulator Contracts	0.0	–	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$1,480,843,744	\$ –	\$ –	\$1,480,843,744
Options	(1,911,413)	–	–	(1,911,413)
Mutual Funds	981,670,998	–	–	981,670,998
Currency Forward Contracts–Assets	–	859,740	–	859,740
Accumulator–Assets	–	14,432	–	14,432
	2,460,603,329	874,172	–	2,461,477,501
Currency Forward Contracts–Liabilities	–	(1,618,778)	–	(1,618,778)
	\$2,460,603,329	\$ (744,606)	\$ –	\$2,459,858,723

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

Scotia Diversified Monthly Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$1,366,297,580	\$46,821,171	\$ –	\$1,413,118,751
Options (Written Put)	(258,974)	–	–	(258,974)
Mutual Funds	969,062,404	–	–	969,062,404
Bond and Debenture Instruments	–	3,958,500	–	3,958,500
	2,335,101,010	50,779,671	–	2,385,880,681
Currency Forward Contracts – Liabilities	–	(474,643)	–	(474,643)
	\$2,335,101,010	\$50,305,028	\$ –	\$2,385,406,038

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$1,142,864,783	\$ –	\$ –	\$1,142,864,783
Options (Written Put)	(706,419)	–	–	(706,419)
Mutual Funds	1,013,885,606	–	–	1,013,885,606
	2,156,043,970	–	–	2,156,043,970
Currency Forward Contracts – Liabilities	–	(623,792)	–	(623,792)
	\$2,156,043,970	\$ (623,792)	\$ –	\$2,155,420,178

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

	December 31, 2014			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 859,740	\$(859,740)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 859,740	\$(859,740)	\$ –	\$ –

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$1,618,778	\$(859,740)	\$ –	\$759,038
Swap contracts	–	–	–	–
Total	\$1,618,778	\$(859,740)	\$ –	\$759,038

	December 31, 2013			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 474,643	\$ –	\$ –	\$474,643
Swap contracts	–	–	–	–
Total	\$ 474,643	\$ –	\$ –	\$474,643

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

Scotia Diversified Monthly Income Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 623,792	\$ –	\$ –	\$623,792
Swap contracts	–	–	–	–
Total	\$ 623,792	\$ –	\$ –	\$623,792

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Corporate Bond Pool Series I	\$4,143,683,984	\$ 433,744,159	15.6
Scotia Canadian Income Fund Series I	5,990,064,451	547,926,839	19.7
		\$ 981,670,998	35.3

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Corporate Bond Pool Series I	\$3,288,773,907	\$ 478,644,920	18.1
Scotia Canadian Income Fund Series I	6,273,765,157	437,385,894	16.6
Scotia Mortgage Income Fund Series I	298,622,154	53,031,590	2.0
		\$ 969,062,404	36.7

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Corporate Bond Pool Series I	\$2,956,176,796	\$ 471,447,753	19.7
Scotia Canadian Income Fund Series I	5,985,048,505	490,769,276	20.5
Scotia Mortgage Income Fund Series I	320,735,819	51,668,577	2.2
		\$1,013,885,606	42.4

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	11.02	11.02	10.57	10.57
Advisor Series	10.68	10.68	10.31	10.31
Series F	11.56	11.56	11.02	11.02

Scotia Income Advantage Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$212,662,758	\$165,702,301	\$ 94,798,334
Unrealized gain on accumulator contracts	1,161	—	—
Unrealized gain on currency forward contracts	42,959	10,412	—
Unrealized gain on swap contracts	—	212,000	—
Cash*	18,886,577	36,964,367	14,081,183
Accrued investment income	1,060,101	854,650	665,096
Receivable for securities sold	526,703	74,041	15,781
Subscriptions receivable	227,119	398,764	408,004
Margin deposited on futures	225,263	—	65,887
	<u>233,632,641</u>	<u>204,216,535</u>	<u>110,034,285</u>
LIABILITIES			
Current liabilities			
Non-derivative financial liabilities	158,767	—	—
Payable for securities purchased	8,644	329,670	—
Distributions payable	235,221	147,425	34,321
Redemptions payable	252,088	182,590	28,135
Unrealized loss on swap contracts	60,818	—	—
Unrealized loss on currency forward contracts	395,007	127,670	66,894
	<u>1,110,545</u>	<u>787,355</u>	<u>129,350</u>
Net Assets attributable to holders of redeemable units	<u>\$232,522,096</u>	<u>\$203,429,180</u>	<u>\$109,904,935</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$208,061,989	\$181,332,820	\$109,904,935
Series M Units	\$ 24,460,107	\$ 22,096,360	\$ —
UNITS OUTSTANDING			
Series A Units	18,704,942	16,812,965	10,781,572
Series M Units	2,201,180	2,067,589	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 11.12	\$ 10.79	\$ 10.19
Series M Units	\$ 11.11	\$ 10.68	\$ —

* \$3,655,268 held by brokers as collateral for written put options (December 31, 2013 – \$1,668,326, January 1, 2013 – \$315,505)

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 3,836,373	\$ 3,547,967
Interest for distribution purposes	3,041,248	2,216,667
Capital gains distributions received	791,439	364,564
Net realized gain (loss) on non-derivative financial assets	7,783,610	4,009,955
Net realized gain (loss) on futures contracts	(569,416)	148,957
Net realized gain (loss) on currency forwards	(1,551,637)	(1,118,860)
Net realized gain (loss) on swap contracts	158,170	247,226
Net gain (loss) foreign exchange	25,856	1,191
Change in unrealized appreciation (depreciation) of non-derivative financial assets	5,913,014	10,683,306
Change in unrealized appreciation (depreciation) of currency forwards	(234,790)	(50,364)
Change in unrealized appreciation (depreciation) of accumulator contracts	1,161	—
Change in unrealized appreciation (depreciation) of swap contracts	(272,818)	212,000
Net gain (loss) on investments	<u>18,922,210</u>	<u>20,262,609</u>
Securities lending	20,866	12,953
Net realized (gain) loss foreign exchange on cash	791,221	76,547
Other income	4,535	6,297
Total income (loss)	<u>19,738,832</u>	<u>20,358,406</u>
EXPENSES		
Management fees (note 5)	3,688,589	2,861,964
Administration fees (note 6)	55,858	—
Harmonized Sales Tax/Goods and Services Tax	387,410	298,674
Audit fees	4,249	5,717
Independent Review Committee fees	454	236
Custodian fees	2,356	5,438
Filing fees	15,438	21,669
Legal fees	693	701
Unitholder reporting costs	11,524	14,314
Unitholder administration and service fees	47,435	59,654
Overdraft charges	56	202
Foreign withholding taxes/tax reclaims	152,913	87,946
Transaction costs	151,389	98,761
Total expenses	<u>4,518,364</u>	<u>3,455,276</u>
Net expenses	<u>4,518,364</u>	<u>3,455,276</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$15,220,468</u>	<u>\$16,903,130</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$13,181,329	\$15,074,036
Series M Units	\$ 2,039,139	\$ 1,829,094
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.74	\$ 1.01
Series M Units	\$ 0.95	\$ 0.85
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	17,848,015	14,874,695
Series M Units	2,149,634	2,141,634

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

Scotia Income Advantage Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$181,332,820	\$109,904,935
Series M Units	22,096,360	–
	<u>203,429,180</u>	<u>109,904,935</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	13,181,329	15,074,036
Series M Units	2,039,139	1,829,094
	<u>15,220,468</u>	<u>16,903,130</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(1,977,344)	(2,032,167)
Series M Units	(715,964)	(207,630)
From realized gain		
Series A Units	(3,456,835)	(2,825,947)
Series M Units	(444,791)	–
Return of capital		
Series A Units	(2,077,588)	(1,473,987)
Series M Units	–	(150,599)
	<u>(8,672,522)</u>	<u>(6,690,330)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	50,419,342	84,455,255
Series M Units	4,856,326	22,865,037
Reinvested distributions		
Series A Units	6,717,240	5,743,338
Payments on redemption		
Series A Units	(36,076,975)	(27,512,643)
Series M Units	(3,370,963)	(2,239,542)
	<u>22,544,970</u>	<u>83,311,445</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	26,729,169	71,427,885
Series M Units	2,363,747	22,096,360
	<u>29,092,916</u>	<u>93,524,245</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	208,061,989	181,332,820
Series M Units	24,460,107	22,096,360
	<u>\$232,522,096</u>	<u>\$203,429,180</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 15,220,468	\$ 16,903,130
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(7,783,610)	(4,009,955)
Net unrealized (gain) loss foreign exchange on cash	(824,026)	(73,010)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(5,913,014)	(10,683,306)
Change in unrealized (appreciation) depreciation of forward currency contracts	234,790	50,364
Change in unrealized (appreciation) depreciation of swap contracts	272,818	(212,000)
Change in unrealized (appreciation) depreciation of accumulator contracts	(1,161)	–
Purchases of non-derivative financial assets	(121,121,390)	(217,551,532)
Proceeds from sale of non-derivative financial assets	87,093,688	183,896,932
Transaction costs	148,949	97,818
Accrued investment income	(205,451)	(189,554)
Change in margin accounts for futures contracts	(225,263)	65,887
Net cash provided by (used in) operating activities	<u>(33,103,202)</u>	<u>(31,705,226)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	55,447,313	84,947,017
Amounts paid on redemption of redeemable units	(39,378,440)	(29,597,729)
Distributions to unitholders of redeemable units	(1,867,486)	(833,888)
Net cash provided by (used in) financing activities	<u>14,201,386</u>	<u>54,515,400</u>
Net unrealized (gain) loss foreign exchange on cash	824,026	73,010
Net increase (decrease) in cash	(18,901,816)	22,810,174
Cash (Bank Indebtedness) at beginning of period	36,964,367	14,081,183
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 18,886,577</u>	<u>\$ 36,964,367</u>
Interest received(1)	2,810,529	2,108,643
Dividends received, net of withholding taxes(1)	3,708,728	3,378,491

(1) Classified as operating items.

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

Scotia Income Advantage Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares/ Number of Contracts/ Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 52.7%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 30.3%				FOREIGN EQUITIES (cont'd)			
Energy – 9.7%				United States (cont'd)			
25,280	ARC Resources Ltd.	823,535	636,045	Consumer Staples – 0.2%			
152,936	Crescent Point Energy Corp.	5,743,934	4,115,508	5,100	CVS Caremark Corporation	553,188	570,014
103,000	Enbridge Inc.	4,573,066	6,153,216	(55)	CVS Health Corporation, Written Put Options \$87.50 Jan. 17, 2015	(64)	(415)
106,201	Pembina Pipeline Corporation	3,676,496	4,496,550	(60)	CVS Health Corporation, Written Put Options, \$87.00, Jan.23, 2015	(140)	(661)
256,953	Pengrowth Energy Corp.	1,541,718	940,448			552,984	568,938
78,700	TransCanada Corporation	3,570,619	4,493,770	Health Care – 3.6%			
29,164	Vermilion Energy, Inc.	1,708,670	1,662,348	38,500	Covidien PLC	4,041,792	4,571,344
		21,638,038	22,497,885	10,000	Gilead Sciences, Inc.	1,216,750	1,093,884
Materials – 0.2%				(52)	Gilead Sciences, Inc., Written Put Options, \$91.00, Jan. 30, 2015	(91)	(13,759)
154,799	Canexus Corp.	1,136,225	504,645	(100)	Gilead Sciences, Inc., Written Put Options, \$97.50, Jan. 17, 2015	(292)	(55,994)
Financials – 12.0%				13,532	Johnson & Johnson	1,379,845	1,642,151
30,900	Atrium Mortgage Investment Corporation	321,669	345,153	13,214	Medtronic, Inc.	879,881	1,107,173
67,000	Bank of Nova Scotia, The	3,971,200	4,442,770	(57)	Stryker Corporation, Written Put Options, \$90.00, Jan. 17, 2015	(129)	(3,473)
22,000	Brookfield Asset Management Inc., Class A	1,139,115	1,280,840	(57)	Stryker Corporation, Written Put Options, \$92.50, Jan. 17, 2015	(130)	(8,103)
39,583	Calloway Real Estate Investment Trust	920,784	1,080,616			7,517,626	8,333,223
6,200	CI Financial Corporation	195,920	200,198	Financials – 3.1%			
387,776	CT Real Estate Investment Trust	3,766,492	4,773,523	(290)	Bank of America, N.A., Written Put Options, \$17.50, Jan. 30, 2015	(337)	(9,760)
7,650	H&R Real Estate Investment Trust	154,267	166,235	232	Blackstone Group LP	8,644	9,097
36,259	Killam Properties Inc.	384,345	372,017	(99)	Citigroup Inc., Written Put Options, \$48.50, Jan. 30, 2015	(115)	(2,413)
77,600	Manulife Financial Corporation Subscription Receipts	1,668,400	1,718,064	(92)	Citigroup Inc., Written Put Options, \$55.00, Jan. 17, 2015	(105)	(16,816)
87,360	RioCan Real Estate Investment Trust	2,140,356	2,308,925	(83)	JPMorgan Chase & Co., Written Put Options, \$60.00, Jan. 30, 2015	(96)	(6,791)
57,000	Royal Bank of Canada	4,381,161	4,573,680	46,400	U.S. Bancorp	1,917,192	2,420,425
45,000	Sun Life Financial Inc.	1,808,178	1,886,400	76,000	Wells Fargo & Company	3,523,663	4,835,001
84,000	Toronto-Dominion Bank, The	3,747,568	4,662,840	(91)	Wells Fargo & Company, Written Put Options, \$53.50, Jan. 23, 2015	(105)	(5,861)
		24,599,455	27,811,261			5,448,741	7,222,882
Telecommunication Services – 2.9%				Information Technology – 2.0%			
43,800	BCE Inc.	1,898,292	2,333,664	10,000	Apple Inc.	1,316,998	1,280,956
32,500	Rogers Communications, Inc., Class B	1,409,553	1,468,025	(45)	Apple Inc. Written Put Options \$110.00 Jan. 17, 2015	(102)	(11,254)
68,500	TELUS Corporation	2,372,495	2,869,465	(46)	Apple Inc., Written Put Options \$108.00 Jan. 9, 2015	(104)	(4,351)
		5,680,340	6,671,154	(46)	Apple Inc., Written Put Options, \$106.00, Jan. 30, 2015	(53)	(12,091)
Utilities – 5.5%				63,000	Microsoft Corporation	3,442,869	3,396,020
99,040	Brookfield Infrastructure Partners LP	3,580,407	4,818,296			4,759,608	4,649,280
53,166	Brookfield Renew Energy Partners LP	1,439,155	1,908,659	Telecommunication Services – 2.0%			
60,000	Canadian Utilities Limited, Class A	2,082,000	2,454,600	84,000	Verizon Communications Inc.	4,351,968	4,558,733
42,890	Fortis, Inc.	1,287,999	1,670,994		TOTAL UNITED STATES EQUITIES	41,913,230	51,451,583
177,926	Innervex Renewable Energy Inc	1,545,470	2,021,239	United Kingdom – 0.2%			
		9,935,031	12,873,788	33,000	National Grid PLC	528,673	545,934
	TOTAL CANADIAN EQUITIES	62,989,089	70,358,733		TOTAL FOREIGN EQUITIES	42,441,903	51,997,517
FOREIGN EQUITIES – 22.4%					TOTAL EQUITIES	105,430,922	122,356,250
United States – 22.2%				BOND AND DEBENTURE INSTRUMENTS – 28.1%			
Industrials – 3.9%				Federal Bonds – 9.3%			
34,400	Honeywell International Inc.	3,252,386	3,989,713		Government of Canada		
35,000	Union Pacific Corporation	3,465,188	4,838,749	2,636,000	1.00% due Feb. 1, 2015	2,636,251	2,635,933
		6,717,574	8,828,462	10,000,000	1.50% due Aug. 1, 2015	10,031,720	10,029,174
Consumer Discretionary – 7.4%				6,750,000	2.50% due Jun. 1, 2024	7,158,375	7,165,655
131,301	Comcast Corporation, Class A	5,301,969	8,839,238	1,500,000	3.50% due Dec. 1, 2045	1,873,950	1,883,156
16,422	Home Depot Inc., The	1,604,073	2,000,103			21,700,296	21,713,918
(55)	NIKE, Inc. Written Put Options, \$94.00, Jan. 30, 2015	(128)	(6,893)	Corporate Bonds – 18.8%			
19,296	NIKE, Inc., Class B	2,110,161	2,152,298	380,000	Alliance Pipeline LP	405,306	412,955
39,399	Walt Disney Company, The	3,548,719	4,305,451		AltaGas Income Trust		
(57)	Walt Disney Company, The Written Put Options \$90.00 Jan. 17, 2015	(65)	(132)	550,000	4.93% due Dec. 16, 2019	600,597	591,728
		12,564,729	17,290,065	410,000	5.49% due Mar. 27, 2017	435,020	438,476
				139,000	4.60% due Jan. 15, 2018	149,356	150,307
					4.55% due Jan. 17, 2019		

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Income Advantage Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBT INSTRUMENTS (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
400,000	AltaGas Ltd. 3.72% due Sep. 28, 2021	391,614	418,016	160,000	Constellation Brands Inc. 4.25% due May 1, 2023	151,473	185,679
458,000	Altria Group, Inc. 9.25% due Aug. 6, 2019	621,426	685,164	124,000	Denbury Resources Inc. (callable) 4.63% due Jul. 15, 2023-(Jan. 15, 2018)	115,788	125,369
700,000	American Tower Corp. 2.85% due Aug. 9, 2022	645,047	802,721	411,000	Duke Energy Corporation 8.75% due Aug. 3, 2018	511,688	501,828
300,000	American Tower Corporation 4.50% due Jan. 15, 2018	325,365	369,701	383,000	Emera Inc. 4.83% due Dec. 2, 2019	409,634	422,536
500,000	Anheuser-Busch Companies, Inc. 3.40% due Feb. 15, 2019	571,733	591,357	200,000	Enbridge Inc. 4.53% due Mar. 9, 2020	211,189	218,220
77,000	Anheuser-Busch Companies, Inc. 5.90% due Nov. 1, 2021	95,887	101,827	200,000	Enbridge Income Fund 3.19% due Dec. 5, 2022	186,221	199,163
417,000	B.A.T. International Finance p.l.c. 3.38% due Jan. 25, 2023	403,660	424,958	367,000	Enbridge Income Fund Holdings Inc. 4.10% due Feb. 22, 2019	376,778	389,437
358,000	Ball Corporation (callable) 9.50% due Nov. 15, 2018	493,879	527,139	500,000	Enbridge Pipelines Inc. 3.94% due Jan. 13, 2023	479,662	522,144
80,000	Baytex Energy Corporation (callable) 5.75% due May 15, 2021-(Nov. 15, 2015)	87,703	98,353	114,000	Enbridge Southern Lights LP 3.79% due Aug. 17, 2023	120,433	121,681
80,000	Baytex Energy Corporation (callable) 6.75% due Feb. 17, 2021-(2016)	86,097	96,569	124,000	Enbridge Southern Lights LP 8.20% due Feb. 15, 2024	168,578	171,508
162,000	bdlMC Realty Corporation 6.63% due Jul. 19, 2022-(2017)	172,125	147,724	148,430	First Capital Realty Inc. 4.01% due Jun. 30, 2040	148,430	153,408
210,000	Bell Canada 3.51% due Jun. 29, 2022	204,114	221,966	500,000	Gibson Energy Inc. 5.85% due Jan. 31, 2017	549,125	538,051
165,000	Bell Canada 3.65% due May 19, 2016	170,206	169,187	307,000	Gibson Energy Inc. (callable) 4.95% due Nov. 30, 2018	327,797	334,462
524,000	Boston Properties LP 4.40% due Mar. 16, 2018	548,016	560,794	440,000	Gibson Energy Inc. (callable) 5.48% due Jul. 30, 2019	474,848	492,120
200,000	Boston Properties LP (callable) 3.35% due Jun. 18, 2019	196,862	208,291	399,000	Gibson Energy Inc. (callable) 5.60% due Apr. 30, 2020	431,158	451,629
300,000	Boston Properties LP 4.95% due May 19, 2021	316,056	337,562	471,000	Gibson Energy Inc. (callable) 4.50% due Mar. 1, 2021	477,314	509,378
300,000	Boston Properties LP 4.70% due Sep. 11, 2023	312,510	330,912	797,000	Gibson Energy Inc. (callable) 4.43% due Jan. 31, 2022	786,298	857,124
228,000	Boston Properties LP (callable) 4.13% due May 15, 2021	265,980	282,784	546,000	Gibson Energy Inc. (callable) 3.95% due Dec. 5, 2022	514,172	565,907
422,000	Boston Properties, Inc. 5.63% due Nov. 15, 2020-(Aug. 15, 2020)	530,316	560,995	151,000	Gibson Energy Inc. (callable) 5.38% due Jul. 15, 2017	152,323	143,828
174,000	Brookfield Asset Management Inc. 5.88% due Oct. 15, 2019	204,997	233,008	62,000	Gibson Energy Inc. (callable) 6.75% due Jul. 15, 2021-(2016)	71,391	71,951
561,000	Brookfield Infrastructure Partners LP 3.95% due Apr. 9, 2019	563,557	590,180	114,000	Gibson Energy Inc. (callable) 7.00% due Jul. 15, 2020-(2016)	120,156	117,705
455,000	Brookfield Infrastructure Partners LP 5.30% due Mar. 1, 2021	490,012	508,395	130,000	Greater Toronto Airports Authority 4.85% due Jun. 1, 2017	140,906	140,041
572,000	Brookfield Infrastructure Partners LP 4.54% due Mar. 31, 2023	564,715	610,804	74,000	H&R Real Estate Investment Trust 4.78% due Jul. 27, 2016	77,511	77,042
150,000	Brookfield Infrastructure Partners LP 5.04% due Jan. 8, 2024	150,702	164,051	144,000	H&R Real Estate Investment Trust 4.50% due Dec. 31, 2016	149,040	147,420
650,000	Brookfield Infrastructure Partners LP 4.82% due Jan. 28, 2026	649,708	690,531	806,000	H&R Real Estate Investment Trust 4.45% due Mar. 2, 2020	806,319	860,194
350,000	Brookfield Renewable Power Inc. 3.46% due Oct. 10, 2017	350,311	360,544	478,000	Inter Pipeline Fund 3.84% due Jul. 30, 2018	490,319	503,267
420,000	BRP Finance ULC 6.13% due Nov. 30, 2016	460,656	451,488	400,000	Inter Pipeline Fund 4.90% due Feb. 3, 2020	429,922	446,030
375,000	Calloway Real Estate Investment Trust 5.14% due Oct. 13, 2020	395,517	415,889	296,000	Inter Pipeline Fund 3.45% due Jul. 20, 2020	297,480	306,789
325,000	Calloway Real Estate Investment Trust 4.79% due Feb. 7, 2022	332,655	353,424	525,000	Inter Pipeline Fund 4.97% due Feb. 2, 2021	561,708	587,291
220,000	Calloway REIT 5.37% due Oct. 12, 2016	234,722	233,587	266,000	Inter Pipeline Fund 3.78% due May 30, 2022	265,043	277,154
391,000	Comcast Cable Communications Holdings, Inc. 4.05% due Jul. 27, 2020	394,434	411,723	36,000	Linn Energy LLC/ Linn Energy Finance Corporation (callable) 7.75% due Feb. 1, 2021-(Sep. 15, 2015)	37,620	35,486
303,000	Comcast Corporation 3.73% due Jul. 22, 2022	304,132	308,738	391,000	Linn Energy LLC/ Linn Energy Finance Corporation 6.25% due Nov. 1, 2019	423,707	381,789
235,000	Comcast Corporation 3.99% due May 30, 2023	220,540	241,769	451,000	Lorillard Tobacco Company 8.13% due Jun. 23, 2019	568,628	636,474
200,000	Canadian Natural Resources Limited 3.05% due Jun. 19, 2019	198,500	204,382	266,000	MEG Energy Corp. 6.50% due Mar. 15, 2021	282,097	281,682
490,000	Canadian Oil Sands Ltd. 7.75% due May 15, 2019	615,801	616,424	343,000	MEG Energy Corporation (callable) 6.38% due Jan. 30, 2023-(Jul. 30, 2017)	392,554	359,738
400,000	Comcast Cable Communications Holdings, Inc. 9.46% due Nov. 15, 2022	573,114	670,129	203,000	Pembina Pipeline Corporation 4.89% due Mar. 29, 2021	216,149	226,273
130,000	Comcast Corporation 3.60% due Mar. 1, 2024	143,893	158,769	721,000	Pembina Pipeline Corporation 3.77% due Oct. 24, 2022	696,539	751,405
				400,000	Pemod Ricard SA 5.75% due Apr. 7, 2021	456,883	533,647
				100,000	Pemod Ricard SA 4.45% due Jan. 15, 2022	115,050	124,669

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

Scotia Income Advantage Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)/ Number of Units/	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
600,000	4.25% due Jul. 15, 2022	620,697	738,535		Vermilion Energy Inc. (callable)		
	Plains All American Pipeline LP (callable)			231,000	6.50% due Feb. 10, 2016-(2014)	238,330	232,107
93,000	3.65% due Jun. 1, 2022-(Mar. 1, 2022)	101,882	109,139		Videotron Ltd. (callable)		
	Rogers Communications Inc.			383,000	5.63% due Jun. 15, 2025-(Mar. 15, 2025)	362,893	382,362
254,000	4.70% due Sep. 29, 2020	272,397	280,662		Videotron Ltee (callable)		
1,344,000	5.34% due Mar. 22, 2021	1,447,451	1,535,300	44,000	9.13% due Apr. 15, 2018-(Feb. 10, 2014)	48,028	52,926
	Royal Bank of Canada (callable)				Videotron Ltee		
326,000	3.04% due Jul. 17, 2024-(2019)	325,941	331,402	353,000	6.88% due Jul. 15, 2021	383,626	379,103
	SABMiller PLC			100,000	5.00% due Jul. 15, 2022	96,740	118,371
2,172,000	3.75% due Jan. 15, 2022	2,391,809	2,641,562		Videotron Ltee (callable)		
	Shaw Communications Inc.			300,000	7.13% due Jan. 15, 2020-(2015)	322,846	313,250
128,000	5.65% due Oct. 1, 2019	139,538	145,301		Westcoast Energy Inc.		
195,000	5.50% due Dec. 7, 2020	210,789	222,908	362,000	5.60% due Jan. 16, 2019	401,766	406,948
200,000	4.35% due Jan. 31, 2024	199,952	212,646	450,000	4.57% due Jul. 2, 2020	481,330	494,937
	Silgan Holdings Inc. (callable)			475,000	3.12% due Dec. 5, 2022	447,352	479,865
155,000	5.50% due Feb. 1, 2022-(Aug. 1, 2017)	156,362	185,273			41,437,821	43,773,939
	Simon Property Group LP (callable)				TOTAL BOND AND DEBENTURE INSTRUMENTS	63,138,117	65,487,857
375,000	5.65% due Feb. 1, 2020-(Nov. 1, 2019)	437,259	502,812				
	Simon Property Group LP (callable)				MONEY MARKET INSTRUMENTS – 5.0%		
500,000	2.75% due Dec. 1, 2022-(Nov. 1, 2022)	461,811	567,120	10,000,000	United States Treasury Bills		
	Simon Property Group, Inc.			(U.S.)	0.00% due Oct 15, 2015	11,613,585	11,589,702
757,000	10.35% due Apr. 1, 2019	1,110,847	1,146,969				
	Suncor Energy, Inc.				FIXED INCOME FUNDS – 2.3%		
315,000	5.80% due May 22, 2018	352,059	352,890	1,553,603	Dynamic High Yield Bond Fund Series O	5,378,662	5,328,859
	Suncor Energy, Inc. (callable)						
165,000	3.10% due Nov. 26, 2021-(Oct. 26, 2021)	164,444	167,091		FOREIGN EQUITY FUNDS – 3.3%		
	TELUS Corporation			694,912	Dynamic Alternative Yield Fund Series O	7,256,868	7,741,323
321,000	5.05% due Dec. 4, 2019	349,600	359,548			192,818,224	212,503,991
932,000	5.05% due Jul. 23, 2020	1,019,531	1,048,576				
	TELUS Corporation (callable)				Currency Forward Contracts – (0.2%)		(352,048)
222,000	3.75% due Jan. 17, 2025-(Oct. 17, 2024)	221,501	227,656		Swap Contracts – (0.0)%		(60,818)
	Union Gas Limited				Accumulator Contracts – 0.0%		1,161
125,000	4.85% due Apr. 25, 2022	140,690	143,260		OTHER ASSETS, LESS LIABILITIES – 8.9%		20,429,810
	Ventas Canada Finance Ltd. (callable)				NET ASSETS – 100.0%		232,522,096
325,000	4.13% due Sep. 30, 2024-(Jun. 30, 2024)	323,707	335,762				
	Veresen Inc.						
132,000	3.95% due Mar. 14, 2017	137,871	136,818				

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	7,816,573	U.S. Dollar	6,912,000	8,028,901	(212,328)
Jan. 15, 2015	Canadian Dollar	3,192,512	U.S. Dollar	2,818,000	3,273,357	(80,844)
Jan. 15, 2015	Canadian Dollar	2,471,213	U.S. Dollar	2,182,000	2,534,586	(63,373)
Jan. 15, 2015	Canadian Dollar	1,472,913	U.S. Dollar	1,300,000	1,510,065	(37,152)
Jan. 15, 2015	Canadian Dollar	114,849	U.S. Dollar	100,000	116,159	(1,310)
Jan. 15, 2015	U.S. Dollar	1,192,000	Canadian Dollar	1,366,738	1,365,463	17,849
Jan. 15, 2015	U.S. Dollar	800,000	Canadian Dollar	912,956	912,105	16,293
Jan. 15, 2015	U.S. Dollar	100,000	Canadian Dollar	114,438	114,331	1,718
Feb. 18, 2015	Canadian Dollar	147,070	British Pound	81,000	146,736	334
Feb. 18, 2015	Canadian Dollar	119,029	British Pound	65,000	117,751	1,278
Feb. 18, 2015	Canadian Dollar	1,726,938	U.S. Dollar	1,480,000	1,721,451	5,487
						(352,048)

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

Scotia Income Advantage Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO EQUITY SWAP CONTRACTS

Number of Units	Termination Date	Notional Amount (\$)	Variable Rate %	Appreciation/ (Depreciation) (\$)
Enterprise Products Partners, Variable 1 month USD – LIBOR, Counterparty: Toronto-Dominion Bank, The				
8,000	Apr. 29, 2015	298,720	0.56%	(11,477)
9,400	Apr. 30, 2015	350,996	0.56%	(13,485)
4,600	May. 01, 2015	171,764	0.56%	(6,599)
2,400	May. 04, 2015	89,616	0.56%	(3,443)
1,700	May. 07, 2015	63,478	0.56%	(2,439)
1,000	May. 08, 2015	37,340	0.56%	(1,435)
1,600	May. 18, 2015	59,744	0.56%	(2,296)
3,800	May. 29, 2015	141,892	0.56%	(5,452)
200	May. 29, 2015	7,468	0.56%	(287)
1,800	Jun. 01, 2015	67,212	0.56%	(2,582)
200	Jun. 01, 2015	7,468	0.56%	(287)
2,000	Aug. 03, 2015	74,680	0.56%	(2,869)
200	Aug. 03, 2015	7,468	0.56%	(287)
200	Aug. 03, 2015	7,468	0.56%	(287)
2,000	Aug. 04, 2015	74,680	0.56%	(2,869)
7,854	Aug. 04, 2015	293,268	0.56%	(11,267)
456	Aug. 04, 2015	17,027	0.56%	(654)
5,946	Aug. 05, 2015	222,024	0.56%	(8,530)
344	Aug. 05, 2015	12,845	0.56%	(494)
11,000	Aug. 13, 2015	410,740	0.56%	(15,781)
5,200	Aug. 14, 2015	194,168	0.56%	(7,460)
9,400	Aug. 17, 2015	350,996	0.56%	(13,485)
300	Aug. 24, 2015	11,202	0.56%	(430)
6,400	Oct. 14, 2015	238,976	0.56%	(9,181)
3,400	Dec. 10, 2015	119,963	0.61%	3,256
1,800	Dec. 10, 2015	63,510	0.61%	1,724
1,000	Dec. 10, 2015	35,283	0.61%	958
600	Dec. 10, 2015	21,170	0.61%	575
6,800	Dec. 17, 2015	280,044	0.61%	28,010
2,400	Dec. 17, 2015	19,538	0.61%	9,885
2,400	Dec. 22, 2015	83,264	0.62%	3,960
8,600	Dec. 23, 2015	298,364	0.62%	14,190
				<u>(60,818)</u>

The swap contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of AA- by Standard & Poor's.

ACCUMULATOR CONTRACTS

Outstanding Number of Units	Termination date	Currency	Current Notional Amount	Strike Price	Knock-Out Price	Unrealized Gain(Loss)
Blackstone Group L.P., Counterparty: Toronto-Dominion Bank, The						
638	Jan. 22, 2015	USD	238,345	32.10	36.29	<u>1,161</u>

The accumulator contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of AA- by Standard & Poor's.

Scotia Income Advantage Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide regular income and long term capital growth. It invests primarily in a diversified portfolio of fixed income and income-oriented equity securities.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$203,307,740	\$109,753,910
Revaluation of Investments at FVTPL	121,440	151,025
Net assets attributable to holders of redeemable units	\$203,429,180	\$109,904,935

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$16,932,715
Revaluation of Investments at FVTPL	(29,585)
Increase (decrease) in net assets attributable to holders of redeemable units	\$16,903,130

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$13,013,842	\$ 220,280	\$ 864,364
1-3 years	4,053,077	2,116,359	2,339,339
3-5 years	12,674,253	6,290,973	3,535,005
5-10 years	32,637,228	25,974,881	20,766,873
> 10 years	3,109,457	988,141	505,732
Total	\$65,487,857	\$35,590,634	\$28,011,313

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$865,197 or approximately 0.4% (December 31, 2013 – \$603,089 or approximately 0.3%, January 1, 2013 – \$442,409 or approximately 0.4%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian

Scotia Income Advantage Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	66,718,100	28.7	6,671,810	2.9
British Pound	281,446	0.1	28,145	–
Total	66,999,546	28.8	6,699,955	2.9

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	41,926,739	20.6	4,192,674	2.1
European Euro	2,085,013	1.0	208,501	0.1
Total	44,011,752	21.6	4,401,175	2.2

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	9,712,305	8.8	971,231	0.9

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 56.0% (December 31, 2013 – 59.6%, January 1, 2013 – 51.4%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$13,009,757 (December 31, 2013 – \$12,109,072, January 1, 2013 – \$5,641,697). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
AAA	33.2	9.3	–	–	0.7	0.2
AA	0.3	0.1	0.6	0.1	0.8	0.2
A	21.0	5.9	31.6	5.5	28.8	7.3
BBB	39.6	11.1	58.8	10.4	60.8	15.4
BB	3.9	1.1	6.6	1.1	6.5	1.7
B	1.8	0.5	2.4	0.4	2.4	0.6
NOT RATED	0.2	0.1	–	–	–	–
Total	100.0	28.1	100.0	17.5	100.0	25.4

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

Scotia Income Advantage Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$495,953	\$ –	\$659,685	\$ –	\$ 62,456
Unrealized loss currency forward contracts	–	395,007	–	–	–	–
Unrealized loss swap contracts	–	60,818	–	127,670	–	66,894
Redeemable units	232,522,096	–	203,429,180	–	109,904,935	–
	\$232,522,096	\$951,778	\$203,429,180	\$787,355	\$109,904,935	\$129,350

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities	30.3	34.9	42.6
Foreign Equities	22.4	22.1	8.8
Bond and Debenture Instruments	28.1	17.5	25.4
Fixed Income Funds	2.3	3.6	9.4
Foreign Equities Fund	3.3	3.3	–
Money Market Instruments	5.0	–	–
Currency Forward Contracts	(0.2)	(0.1)	(0.1)
Swap Contracts	(0.0)	0.1	–
Futures Contracts	–	–	0.1
Accumulator Contracts	0.0	–	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$121,969,083	\$ 545,934	\$ –	\$122,515,017
Options (Written Put)	(158,767)	–	–	(158,767)
Mutual Funds	13,070,182	–	–	13,070,182
Money Market Instruments	–	11,589,702	–	11,589,702
Bond and Debenture Instruments	–	65,487,857	–	65,487,857
Currency Forward Contracts–Assets	–	42,959	–	42,959
Accumulator–Assets	–	24,931	–	24,931
	134,880,498	77,691,383	–	212,571,881
Currency Forward Contracts–Liabilities	–	(395,007)	–	(395,007)
Swap Contracts–Liabilities	–	(60,818)	–	(60,818)
Accumulator–Liabilities	–	(23,770)	–	(23,770)
	\$134,880,498	\$77,211,788	\$ –	\$212,092,286

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$112,629,470	\$ 3,467,137	\$ –	\$116,096,607
Options (Written Put)	(20,053)	–	–	(20,053)
Mutual Funds	14,035,113	–	–	14,035,113
Bond and Debenture Instruments	–	35,590,634	–	35,590,634
Currency Forward Contracts–Assets	–	10,412	–	10,412
Swap Contracts–Assets	–	212,000	–	212,000
	126,644,530	39,280,183	–	165,924,713
Currency Forward Contracts–Liabilities	–	(127,670)	–	(127,670)
	\$126,644,530	\$39,152,513	\$ –	\$165,797,043

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

Scotia Income Advantage Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 56,533,972	\$ –	\$ –	\$ 56,533,972
Options (Written Put)	(27,648)	–	–	(27,648)
Mutual Funds	10,280,697	–	–	10,280,697
Bond and Debenture Instruments	–	28,011,313	–	28,011,313
	66,787,021	28,011,313	–	94,798,334
Currency Forward Contracts–Liabilities	–	(66,894)	–	(66,894)
Futures Contracts (Short)	24,166	–	–	24,166
	24,166	(66,894)	–	(42,728)
	\$ 66,811,187	\$27,944,419	\$ –	\$ 94,755,606

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

December 31, 2014				
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 42,959	\$(35,860)	\$ –	\$ 7,099
Swap contracts	–	–	–	–
Total	\$ 42,959	\$(35,860)	\$ –	\$ 7,099

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$395,007	\$(35,860)	\$ –	\$359,147
Swap contracts	60,818	–	–	60,818
Total	\$455,825	\$(35,860)	\$ –	\$419,965

December 31, 2013				
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 10,412	\$(10,412)	\$ –	\$ –
Swap contracts	212,000	–	–	212,000
Total	\$222,412	\$(10,412)	\$ –	\$212,000

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$127,670	\$(10,412)	\$ –	\$117,258
Swap contracts	–	–	–	–
Total	\$127,670	\$(10,412)	\$ –	\$117,258

January 1, 2013				
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 66,894	\$ –	\$ –	\$ 66,894
Swap contracts	–	–	–	–
Total	\$ 66,894	\$ –	\$ –	\$ 66,894

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

Scotia Income Advantage Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Dynamic High Yield Bond Fund Series O	\$ 849,677,494	\$ 5,328,859	2.3
Dynamic Alternative Yield Fund Series O	1,092,406,574	7,741,323	3.3
		\$13,070,182	5.6

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Dynamic Dividend Income Fund Series O	\$ 768,582,198	\$ 2,293,047	1.1
Dynamic High Yield Bond Fund Series O	1,139,388,582	5,093,468	2.5
Dynamic Alternative Yield Fund Series O	734,480,042	6,648,598	3.3
		\$14,035,113	6.9

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Dynamic Dividend Income Fund Series O	\$ 755,950,199	\$ 2,025,349	1.8
Dynamic High Yield Bond Fund Series O	2,471,426,716	5,027,967	4.6
Dynamic Alternative Yield Fund Series O	396,512,232	3,227,381	2.9
		\$10,280,697	9.3

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	11.12	11.12	10.79	10.79
Series M	11.11	11.11	10.68	10.68

Scotia Canadian Balanced Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$2,140,623,889	\$2,154,638,730	\$2,181,915,750
Commodities	—	10,894,807	35,471,771
Unrealized gain on currency forward contracts	221,489	—	—
Unrealized gain on swap contracts	13,235	7,026,014	—
Cash	75,403,339	53,580,409	82,718,346
Accrued investment income	1,720,643	2,117,608	2,451,841
Subscriptions receivable	2,231,631	2,378,373	2,333,658
	<u>2,220,214,226</u>	<u>2,230,635,941</u>	<u>2,304,891,366</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	33,413	—
Distributions payable	1,199	3,034	301
Redemptions payable	1,291,963	1,331,438	1,298,647
Unrealized loss on currency forward contracts	890,708	3,164,792	1,891,349
	<u>2,183,870</u>	<u>4,532,677</u>	<u>3,190,297</u>
Net Assets attributable to holders of redeemable units	<u>\$2,218,030,356</u>	<u>\$2,226,103,264</u>	<u>\$2,301,701,069</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$2,217,917,317	\$2,225,996,887	\$2,301,630,415
Series D Units	\$ 3,582	\$ —	\$ —
Series F Units	\$ 109,457	\$ 106,377	\$ 70,654
UNITS OUTSTANDING			
Series A Units	93,954,231	101,700,601	114,491,245
Series D Units	357	—	—
Series F Units	4,722	4,950	3,577
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 23.61	\$ 21.89	\$ 20.10
Series D Units	\$ 10.03	\$ —	\$ —
Series F Units	\$ 23.18	\$ 21.49	\$ 19.75

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 27,831,443	\$ 27,545,319
Interest for distribution purposes	27,005,120	31,398,011
Capital gains distributions received	(50,069)	5,370,483
Net realized gain (loss) on non-derivative financial assets	102,679,900	(31,249,607)
Net realized gain (loss) on futures contracts	(90,251)	(8,649,723)
Net realized gain (loss) on currency forwards	(15,526,293)	(17,648,895)
Net realized gain (loss) on swap contracts	12,701,581	23,437,401
Net gain (loss) foreign exchange	793,911	(663,359)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	78,943,990	231,699,749
Change in unrealized appreciation (depreciation) of currency forwards	2,495,573	(1,273,443)
Change in unrealized appreciation (depreciation) of swap contracts	(7,012,779)	7,026,014
Net gain (loss) on investments	<u>229,772,126</u>	<u>266,991,950</u>
Securities lending	35,586	62,690
Net realized (gain) loss foreign exchange on cash	4,662,164	2,406,513
Other income	33,964	42,120
Total income (loss)	<u>234,503,840</u>	<u>269,503,273</u>
EXPENSES		
Management fees (note 5)	39,111,613	38,744,127
Administration fees (note 6)	724,888	—
Harmonized Sales Tax/Goods and Services Tax	4,515,620	4,520,873
Audit fees	48,470	72,296
Independent Review Committee fees	4,651	4,057
Custodian fees	28,307	75,780
Filing fees	50,905	87,772
Legal fees	7,256	11,370
Unitholder reporting costs	169,055	214,549
Unitholder administration and service fees	900,542	1,555,221
Overdraft charges	700	615
Foreign withholding taxes/tax reclaims	1,010,471	1,055,945
Transaction costs	1,098,219	1,373,627
Total expenses	<u>47,670,697</u>	<u>47,716,232</u>
Absorbed expenses	(2,070)	(3,339)
Net expenses	<u>47,668,627</u>	<u>47,712,893</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$186,835,213</u>	<u>\$221,790,380</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$186,824,867	\$221,781,194
Series D Units	\$ 14	\$ —
Series F Units	\$ 10,332	\$ 9,186
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.93	\$ 2.08
Series D Units	\$ 0.04	\$ —
Series F Units	\$ 2.15	\$ 2.42
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	96,838,771	106,435,965
Series D Units	357	—
Series F Units	4,815	3,798

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

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

Scotia Canadian Balanced Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$2,225,996,887	\$2,301,630,415
Series D Units	106,377	70,654
Series F Units	2,226,103,264	2,301,701,069
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	186,824,867	221,781,194
Series D Units	14	–
Series F Units	10,332	9,186
	186,835,213	221,790,380
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(17,720,921)	(33,405,791)
Series D Units	(1,557)	(2,020)
Series F Units	(17,722,478)	(33,407,811)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	199,976,599	201,318,427
Series D Units	3,568	–
Series F Units	25,671	42,409
Reinvested distributions		
Series A Units	17,688,955	33,349,219
Series F Units	1,557	1,967
Payments on redemption		
Series A Units	(394,849,070)	(498,676,577)
Series D Units	(32,923)	(15,819)
Series F Units	(177,185,643)	(263,980,374)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(8,079,570)	(75,633,528)
Series D Units	3,582	–
Series F Units	3,080	35,723
	(8,072,908)	(75,597,805)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	2,217,917,317	2,225,996,887
Series D Units	3,582	–
Series F Units	109,457	106,377
	\$2,218,030,356	\$2,226,103,264

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 186,835,213	\$ 221,790,380
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(102,679,900)	31,249,607
Net unrealized (gain) loss foreign exchange on cash	(4,888,312)	(2,338,530)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(78,943,990)	(231,699,749)
Change in unrealized (appreciation) depreciation of forward currency contracts	(2,495,573)	1,273,443
Change in unrealized (appreciation) depreciation of swap contracts	7,012,779	(7,026,014)
Purchases of non-derivative financial assets	(535,354,043)	(614,994,787)
Proceeds from sale of non-derivative financial assets	740,765,648	865,965,402
Transaction costs	1,088,520	1,366,924
Accrued investment income	396,965	334,233
Net cash provided by (used in) operating activities	211,737,307	265,920,909
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	200,152,579	201,316,121
Amounts paid on redemption of redeemable units	(394,921,467)	(498,659,605)
Distributions to unitholders of redeemable units	(33,801)	(53,892)
Net cash provided by (used in) financing activities	(194,802,689)	(297,397,376)
Net unrealized (gain) loss foreign exchange on cash	4,888,312	2,338,530
Net increase (decrease) in cash	16,934,618	(31,476,467)
Cash (Bank Indebtedness) at beginning of period	53,580,409	82,718,346
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	\$ 75,403,339	\$ 53,580,409
Interest received(1)	27,027,803	31,437,452
Dividends received, net of withholding taxes(1)	27,195,254	26,784,167

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying value (\$)
EQUITIES – 96.5%			
CANADIAN EQUITIES – 41.7%			
Energy – 10.0%			
6,414,400	Canadian Energy Services & Technology Corporation	34,345,068	40,731,439
434,800	Canadian Natural Resources Ltd.	18,335,178	15,618,016
1,009,200	Canadian Oil Sands Ltd.	11,013,743	10,515,864
992,000	Enbridge Inc.	33,820,989	23,778,240
291,000	Crescent Point Energy Corp.	10,959,376	7,830,810
477,970	Enbridge Inc.	15,003,676	28,553,928
1,000,000	Paramount Resources Ltd.	31,129,520	28,120,000
514,900	Suncor Energy, Inc.	23,943,528	18,999,810
841,140	TransCanada Corporation	34,339,181	48,029,094
		212,890,259	222,177,201
Materials – 2.0%			
207,400	Franco-Nevada Corporation	13,324,949	11,865,354
494,500	West Fraser Timber Co., Ltd.	25,086,869	32,869,415
		38,411,818	44,734,769
Industrials – 4.1%			
2,662,200	Air Canada	20,703,368	31,600,314
752,900	Canadian National Railway Company	29,878,076	60,247,058
		50,581,444	91,847,372
Consumer Discretionary – 4.7%			
673,000	Dollarama Inc.	18,819,471	39,976,200
219,400	Gildan Activewear Inc.	12,936,729	14,414,580
390,121	Magna International Inc.	23,787,701	49,112,333
676	Restaurant Brands International Limited Partnership	27,885	29,636
		55,571,786	103,532,749
Consumer Staples – 2.3%			
827,400	Loblaws Companies Limited	40,135,571	51,439,458
Health Care – 4.0%			
530,600	Valeant Pharmaceuticals International, Inc.	64,804,492	88,254,698
Financials – 12.4%			
966,300	Bank of Nova Scotia, The	51,927,263	64,075,353
2,075,400	Manulife Financial Corporation	44,910,342	46,032,372
316,800	Manulife Financial Corporation Subscription Receipts	6,811,200	7,013,952
994,400	Royal Bank of Canada	48,533,216	79,790,656
1,425,200	Toronto-Dominion Bank, The	52,906,332	79,112,852
		205,088,353	276,025,185
Telecommunication Services – 2.2%			
536,000	Rogers Communications, Inc., Class B	22,896,378	24,211,120
575,200	TELUS Corporation	20,121,008	24,095,128
		43,017,386	48,306,248
	TOTAL CANADIAN EQUITIES	710,501,109	926,317,680
FOREIGN EQUITIES – 19.0%			
UNITED STATES EQUITIES – 19.0%			
Industrials – 1.9%			
433,800	Danaher Corporation	23,202,852	43,148,425
Consumer Discretionary – 3.4%			
157,224	Restaurant Brands International Inc.	6,768,266	7,123,158
311,700	Starwood Hotels & Resorts Worldwide, Inc.	16,570,377	29,325,193
338,000	Walt Disney Company, The	17,250,251	36,936,022
		40,588,894	73,384,373
Consumer Staples – 2.9%			
601,900	Coca-Cola Company, The	23,440,443	29,490,795
382,900	Estee Lauder Companies Inc., The	23,753,273	33,859,789
		47,193,716	63,350,584
Financials – 5.2%			
811,800	American International Group, Inc.	41,239,123	52,766,529
1,009,900	Citigroup Inc.	40,485,983	63,433,721
		81,725,106	116,200,250

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Canadian Balanced Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares/ Number of Units	Issuer	Average Cost (\$)	Carrying value (\$)
EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)			
UNITED STATES EQUITIES (cont'd)			
Information Technology – 5.6%			
88,300	Google Inc. Class C	32,719,817	53,941,186
1,311,700	Microsoft Corporation	38,121,160	70,707,282
		70,840,977	124,648,468
	TOTAL FOREIGN EQUITIES	263,551,545	420,732,100
	TOTAL EQUITIES	974,052,654	1,347,049,780
Fixed Income Funds – 35.8%			
57,049,799	Scotia Canadian Income Fund Series I	783,836,637	793,574,109
	TOTAL INVESTMENT PORTFOLIO	1,757,889,291	2,140,623,889
	Currency Forward Contracts – (0.0%)		(669,219)
	Swap Contracts – 0.0%		13,235
	OTHER ASSETS, LESS LIABILITIES – 3.5%		78,062,451
	NET ASSETS – 100.0%		2,218,030,356

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	20,859,214	U.S. Dollar	18,418,000	21,394,139	(534,925)
Jan. 15, 2015	Canadian Dollar	13,097,736	U.S. Dollar	11,582,000	13,453,519	(355,783)
Feb. 18, 2015	Canadian Dollar	69,898,800	U.S. Dollar	60,000,000	69,788,541	110,259
Feb. 18, 2015	Canadian Dollar	35,005,500	U.S. Dollar	30,000,000	34,894,270	111,230
						(669,219)

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

EQUITY SWAP CONTRACTS

Number of Units	Termination Date	Notional Amount (\$)	Variable Rate %	Appreciation/ (Depreciation) (\$)
Blackstone Group, Variable 1 month USD – LIBOR, Counterparty: Toronto-Dominion Bank, The				
220,360	Dec. 04, 2015	7,402,620	0.61%	57,339
300,640	Dec. 07, 2015	10,205,014	0.61%	(44,104)
				13,235

The swap contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of AA- by Standard & Poor's.

Scotia Canadian Balanced Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide a balance between earning income and obtaining capital growth over the long term. It invests primarily in a broad range of Canadian equity and fixed income securities.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$2,225,199,767	\$2,299,599,334
Revaluation of Investments at FVTPL	903,497	2,101,735
Net assets attributable to holders of redeemable units	\$2,226,103,264	\$2,301,701,069

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$222,988,617
Revaluation of Investments at FVTPL	(1,198,237)
Increase (decrease) in net assets attributable to holders of redeemable units	\$221,790,380

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$13,837,583 or approximately 0.6% (December 31, 2013 – \$13,356,982 or approximately 0.6%, January 1, 2013 – \$16,778,455 or approximately 0.7%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The tables below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	347,541,725	15.7	34,754,173	1.6
British Pound	588,388	0.0	58,839	0.0
Swiss Franc	1	0.0	–	0.0
Total	348,130,114	15.7	34,813,012	1.6

Scotia Canadian Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	445,276,291	20.0	44,527,629	2.0
British Pound	37,426,912	1.7	3,742,691	0.2
Swiss Franc	5,468,414	0.2	546,841	0.0
Total	488,171,617	21.9	48,817,161	2.2

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	164,632,084	7.2	16,463,208	0.7
Swiss Franc	20,809,326	0.9	2,080,933	0.1
Total	185,441,410	8.1	18,544,141	0.8

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 60.7% (December 31, 2013 – 65.8%, January 1, 2013 – 54.6%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$134,704,978 (December 31, 2013 – \$146,331,038, January 1, 2013 – \$125,327,783). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$1,293,162	\$ –	\$1,367,885	\$ –	\$1,298,948
Unrealized loss on currency forward contracts	–	890,708	–	3,164,792	–	1,891,349
Redeemable units	2,218,030,356	–	2,226,103,264	–	2,301,701,069	–
	\$2,218,030,356	\$2,183,870	\$2,226,103,264	\$4,532,677	\$2,301,701,069	\$3,190,297

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

Scotia Canadian Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities	41.7	33.8	34.4
Foreign Equities	19.0	28.5	20.2
Fixed Income Funds	35.8	34.4	40.3
Commodities	—	0.5	1.5
Currency Forward Contracts	0.0	(0.1)	(0.1)
Swaps Contracts	0.0	0.3	—

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$1,347,049,780	\$ —	\$ —	\$1,347,049,780
Mutual Funds	793,574,109	—	—	793,574,109
Currency Forward Contracts—Assets	—	221,489	—	221,489
Swap Contracts—Assets	—	13,235	—	13,235
	2,140,623,889	234,724	—	2,140,858,613
Currency Forward Contracts—Liabilities	—	(890,708)	—	(890,708)
	\$2,140,623,889	\$ (655,984)	\$ —	\$2,139,967,905

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$1,290,233,275	\$ 98,364,867	\$ —	\$1,388,598,142
Mutual Funds	766,040,588	—	—	766,040,588
Commodities	—	10,894,807	—	10,894,807
Swap Contracts—Assets	—	7,026,014	—	7,026,014
	2,056,273,863	116,285,688	—	2,172,559,551
Currency Forward Contracts—Liabilities	—	(3,164,792)	—	(3,164,792)
	\$2,056,273,863	\$113,120,896	\$ —	\$2,169,394,759

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$1,234,558,066	\$ 20,809,326	\$ —	\$1,255,367,392
Mutual Funds	926,548,358	—	—	926,548,358
Commodities	—	35,471,771	—	35,471,771
	2,161,106,424	56,281,097	—	2,217,387,521
Currency Forward Contracts—Liabilities	—	(1,891,349)	—	(1,891,349)
	\$2,161,106,424	\$ 54,389,748	\$ —	\$2,215,496,172

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia Canadian Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 221,489	\$ –	\$ –	\$ 221,489
Swap contracts	13,235	–	–	13,235
Total	\$ 234,724	\$ –	\$ –	\$ 234,724

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 890,708	\$ –	\$ –	\$ 890,708
Swap contracts	–	–	–	–
Total	\$ 890,708	\$ –	\$ –	\$ 890,708

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	7,026,014	–	–	7,026,014
Total	\$7,026,014	\$ –	\$ –	\$7,026,014

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$3,164,792	\$ –	\$ –	\$3,164,792
Swap contracts	–	–	–	–
Total	\$3,164,792	\$ –	\$ –	\$3,164,792

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$1,891,349	\$ –	\$ –	\$1,891,349
Swap contracts	–	–	–	–
Total	\$1,891,349	\$ –	\$ –	\$1,891,349

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

Scotia Canadian Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Income Fund Series I	5,990,064,451	\$793,574,109	35.8
		\$793,574,109	35.8

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Income Fund Series I	6,273,765,157	\$766,040,588	34.4
		\$766,040,588	34.4

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Income Fund Series I	5,985,048,505	\$926,548,358	40.3
		\$926,548,358	40.3

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	23.61	23.61	21.89	21.89
Series D	10.04	10.03	—	—
Series F	23.18	23.18	21.49	21.49

Scotia Dividend Balanced Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$332,864,969	\$198,362,278	\$ 93,695,089
Unrealized gain on currency forward contracts	2,584	—	—
Cash	21,722,830	19,434,850	7,661,829
Accrued investment income	578,443	446,521	272,904
Receivable for securities sold	107,735	454,893	—
Subscriptions receivable	645,049	797,122	392,038
	<u>355,921,610</u>	<u>219,495,664</u>	<u>102,021,860</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	4,052,340	—	—
Distributions payable	24	11	—
Redemptions payable	964,276	122,659	53,234
Unrealized loss on currency forward contracts	378,110	277,831	—
	<u>5,394,750</u>	<u>400,501</u>	<u>53,234</u>
Net Assets attributable to holders of redeemable units	<u>\$350,526,860</u>	<u>\$219,095,163</u>	<u>\$101,968,626</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$350,526,860</u>	<u>\$219,095,163</u>	<u>\$101,968,626</u>
UNITS OUTSTANDING			
Series A Units	<u>28,602,903</u>	<u>17,542,080</u>	<u>9,369,785</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 12.25</u>	<u>\$ 12.49</u>	<u>\$ 10.88</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 6,251,444	\$ 3,831,577
Interest for distribution purposes	1,654,086	1,167,083
Capital gains distributions received	20,488	279,190
Net realized gain (loss) on non-derivative financial assets	35,332,812	14,207,315
Net realized gain (loss) on currency forwards	(1,353,825)	(22,790)
Net gain (loss) foreign exchange	187,428	(42,811)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(14,936,215)	15,612,943
Change in unrealized appreciation (depreciation) of currency forwards	(97,695)	(277,831)
Net gain (loss) on investments	<u>27,058,523</u>	<u>34,754,676</u>
Securities lending	30,067	12,524
Net realized (gain) loss foreign exchange on cash	420,398	207,713
Other income	9,493	6,645
Total income (loss)	<u>27,518,481</u>	<u>34,981,558</u>
EXPENSES		
Management fees (note 5)	5,056,038	2,577,470
Administration fees (note 6)	99,852	—
Harmonized Sales Tax/Goods and Services Tax	553,424	283,778
Audit fees	6,512	5,755
Independent Review Committee fees	606	229
Custodian fees	3,709	6,089
Filing fees	13,947	17,628
Legal fees	890	659
Unitholder reporting costs	17,104	15,828
Unitholder administration and service fees	67,493	73,363
Overdraft charges	793	106
Foreign withholding taxes/tax reclaims	118,044	74,515
Transaction costs	596,783	495,165
Total expenses	<u>6,535,195</u>	<u>3,550,585</u>
Net expenses	<u>6,535,195</u>	<u>3,550,585</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 20,983,286</u>	<u>\$31,430,973</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$ 20,983,286</u>	<u>\$31,430,973</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 0.92</u>	<u>\$ 2.40</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	<u>22,888,191</u>	<u>13,085,858</u>

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

Scotia Dividend Balanced Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$219,095,163	\$101,968,626
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	20,983,286	31,430,973
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(770,816)	(1,337,741)
From realized gain		
Series A Units	(33,046,511)	(10,605,992)
	(33,817,327)	(11,943,733)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	157,486,661	107,588,724
Reinvested distributions		
Series A Units	33,344,423	11,782,969
Payments on redemption		
Series A Units	(46,565,346)	(21,732,396)
	144,265,738	97,639,297
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	131,431,697	117,126,537
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	\$350,526,860	\$219,095,163

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 20,983,286	\$ 31,430,973
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(35,332,812)	(14,207,315)
Net unrealized (gain) loss foreign exchange on cash	(430,600)	(214,818)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	14,936,215	(15,612,943)
Change in unrealized (appreciation) depreciation of forward currency contracts	97,695	277,831
Purchases of non-derivative financial assets	(404,456,481)	(266,356,837)
Proceeds from sale of non-derivative financial assets	294,153,102	190,559,848
Transaction costs	596,783	495,165
Accrued investment income	(131,922)	(173,617)
Net cash provided by (used in) operating activities	(109,584,734)	(73,801,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	157,638,734	107,183,640
Amounts paid on redemption of redeemable units	(45,723,729)	(21,662,971)
Distributions to unitholders of redeemable units	(472,891)	(160,753)
Net cash provided by (used in) financing activities	111,442,114	85,359,916
Net unrealized (gain) loss foreign exchange on cash	430,600	214,818
Net increase (decrease) in cash	1,857,380	11,558,203
Cash (Bank Indebtedness) at beginning of period	19,434,850	7,661,829
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	\$ 21,722,830	\$ 19,434,850
Interest received(1)	1,650,855	1,165,121
Dividends received, net of withholding taxes(1)	6,004,709	3,585,407

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 95.0%			
CANADIAN EQUITIES – 61.6%			
Energy – 14.4%			
190,900	ARC Resources Ltd.	5,436,655	4,803,044
46,100	Baytex Energy Corporation	797,341	890,652
294,000	Canadian Energy Services & Technology Corporation	1,096,221	1,866,900
33,800	Canadian Natural Resources Ltd.	1,263,132	1,214,096
195,200	Canyon Services Group Inc.	2,269,166	1,754,848
57,426	Enbridge Inc.	2,913,004	3,430,629
316,400	EnCana Corporation	6,941,431	5,116,188
168,100	Mullen Group Limited	4,648,215	3,582,211
61,200	Paramount Resources Ltd.	2,713,988	1,720,944
1,588,400	Perpetual Energy Inc.	2,584,240	1,810,776
107,200	Peyto Exploration & Development Corporation	2,835,412	3,587,984
306,700	Precision Drilling Corporation	3,552,094	2,165,302
408,800	Secure Energy Services Inc.	6,163,284	6,937,336
143,036	Seven Generations Energy Ltd. Restricted*	2,935,099	2,501,700
262,900	Talisman Energy Inc.	3,038,061	2,392,390
189,500	Trilog Energy Corporation	4,940,499	1,498,945
733,300	Trinidad Drilling Ltd.	7,076,976	3,813,160
207,700	Western Energy Services Corp.	1,607,577	1,248,277
		62,812,395	50,335,382
Materials – 3.8%			
637,388	Canexus Corp.	4,625,404	2,077,885
158,600	Canfor Corporation	3,696,248	4,700,904
171,800	First Quantum Minerals Ltd.	3,515,475	2,836,418
102,200	Goldcorp, Inc.	2,858,473	2,198,322
63,300	Silver Wheaton Corporation	1,651,215	1,495,779
		16,346,815	13,309,308
Industrials – 5.8%			
91,300	Black Diamond Group Ltd.	2,125,446	1,163,162
392,100	Stantec Inc.	12,464,865	12,519,753
222,600	TransForce, Inc.	5,093,890	6,586,734
		19,684,201	20,269,649
Consumer Discretionary – 9.5%			
424,500	Aimia Inc.	7,179,918	6,201,945
257,000	Cineplex, Inc.	9,758,620	11,521,310
295,400	EnerCare Inc.	2,724,920	4,283,300
87,600	Gildan Activewear Inc.	5,348,791	5,755,320
275,000	Whistler Blackcomb Holdings Inc.	4,370,924	5,643,000
		29,383,173	33,404,875
Health Care – 1.1%			
63,600	Catamaran Corporation	3,048,387	3,823,632
Financials – 21.5%			
306,017	Altus Group Ltd.	6,222,228	6,368,214
102,700	Bank of Nova Scotia, The	6,647,130	6,810,037
841,100	Canaccord Financial Inc.	6,203,112	6,568,991
465,300	Fiera Sceptre Inc.	5,494,278	5,909,310
35,785	FirstService Corporation	1,072,221	2,121,335
111,300	IGM Financial, Inc.	5,631,081	5,154,303
45,700	Industrial Alliance Insurance and Financial Services Inc.	2,016,670	2,030,451
609,200	Manulife Financial Corporation	13,240,511	13,512,054
166,800	Manulife Financial Corporation Subscription Receipts	3,586,200	3,692,952
169,500	Power Financial Corporation	5,717,989	6,132,510
93,900	Royal Bank of Canada	7,403,182	7,534,536
170,800	Toronto-Dominion Bank, The	8,940,863	9,481,108
		72,175,465	75,315,801

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Dividend Balanced Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares/ Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
CANADIAN EQUITIES (cont'd)				UNITED STATES (cont'd)			
Information Technology – 3.8%				Health Care – 7.1%			
73,000	CGI Group Inc., Class A	3,008,964	3,233,170	40,697	Becton, Dickinson and Company	5,717,217	6,572,351
34,702	MacDonald, Dettwiler and Associates Ltd.	2,584,119	3,294,955	60,900	PerkinElmer, Inc.	2,366,301	3,090,585
98,600	Open Text Corporation	6,051,105	6,666,346	96,100	Team Health Holdings Inc.	6,039,218	6,415,960
		11,644,188	13,194,471	38,800	Universal Health Services, Inc., Class B	4,494,552	5,007,933
				28,200	Zimmer Holdings, Inc.	3,071,983	3,711,784
Telecommunication Services – 1.7%						21,689,271	24,798,613
53,616	Rogers Communications, Inc., Class B	2,310,295	2,421,835	Financials – 1.0%			
87,989	TELUS Corporation	3,617,120	3,685,859	123,200	Cathay General Bancorp	3,381,187	3,658,684
		5,927,415	6,107,694	Information Technology – 1.7%			
TOTAL CANADIAN EQUITIES				9,800	Google Inc. Class A	5,966,003	6,035,126
		221,022,039	215,760,812	TOTAL UNITED STATES EQUITIES			
UNITED STATES – 21.4%						67,043,013	74,937,421
Industrials – 4.0%				FIXED INCOME FUNDS – 12.0%			
19,100	Eaton Corporation	1,484,551	1,506,034	2,318,211	Scotia Canadian Income Fund Series I	31,255,924	32,246,772
41,100	Ingersoll-Rand PLC	2,508,660	3,023,476	915,489	Scotia Private Canadian Corporate Bond Pool Series I	9,611,717	9,919,964
32,200	Ryder System, Inc.	2,031,195	3,469,618			40,867,641	42,166,736
76,162	Triumph Group, Inc.	5,543,378	5,942,616	TOTAL INVESTMENT PORTFOLIO			
		11,567,784	13,941,744			328,932,693	332,864,969
Consumer Discretionary – 6.7%				Currency Forward Contracts – (0.1)%			
37,800	Advance Auto Parts, Inc.	6,184,013	6,989,074	OTHER ASSETS, LESS LIABILITIES – 5.1%			
51,800	Brunswick Corporation	2,361,959	3,081,430	NET ASSETS – 100.0%			
75,100	Comcast Corporation, Class A	4,610,953	5,055,763				(375,526)
48,500	Manpower Inc.	4,007,622	3,836,886				18,037,417
69,600	Thor Industries, Inc.	4,173,891	4,512,652				350,526,860
		21,338,438	23,475,805	* This security is not actively traded and considered illiquid			
Consumer Staples – 0.9%							
40,600	Reynolds American Inc.	3,100,330	3,027,449				

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	8,494,088	U.S. Dollar	7,500,000	8,711,914	(217,827)
Jan. 15, 2015	Canadian Dollar	5,767,437	U.S. Dollar	5,100,000	5,924,102	(156,665)
Jan. 15, 2015	Canadian Dollar	3,487,350	U.S. Dollar	3,000,000	3,484,766	2,584
Jan. 15, 2015	Canadian Dollar	2,784,194	U.S. Dollar	2,400,000	2,787,813	(3,618)
						(375,526)

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

Scotia Dividend Balanced Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve long-term capital growth and current income return. It invests, either directly or through investing in securities of other funds, primarily in equity securities of companies that pay dividends or that are expected to pay dividends, fixed income securities, and other securities that are expected to distribute income.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$218,849,155	\$101,825,956
Revaluation of Investments at FVTPL	246,008	142,670
Net assets attributable to holders of redeemable units	\$219,095,163	\$101,968,626

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$31,327,635
Revaluation of Investments at FVTPL	103,338
Increase (decrease) in net assets attributable to holders of redeemable units	\$31,430,973

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$693,752 or approximately 0.2% (December 31, 2013 – \$525,838 or approximately 0.2%, January 1, 2013 – \$331,523 or approximately 0.3%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	70,335,638	20.1	7,033,564	2.0

Scotia Dividend Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
U.S. Dollar	27,867,378	12.7	2,786,738	1.3

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
U.S. Dollar	13,276,301	13.0	1,327,630	1.3

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 82.9% (December 31, 2013 – 75.8%, January 1, 2013 – 72.0%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$29,069,823 (December 31, 2013 – \$16,592,847, January 1, 2013 – \$7,330,777). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk (note 3)

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$5,016,640	\$ –	\$122,670	\$ –	\$53,234
Unrealized loss on currency forward contracts	–	378,110	–	277,831	–	–
Redeemable units	350,526,860	–	219,095,163	–	101,968,626	–
	\$350,526,860	\$5,394,750	\$219,095,163	\$400,501	\$101,968,626	\$53,234

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

Scotia Dividend Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	14.4	19.7	16.0
Materials	3.8	5.1	6.4
Industrials	5.8	4.5	3.5
Consumer Discretionary	9.5	5.0	4.4
Consumer Staples	–	3.1	–
Health Care	1.1	4.9	3.5
Financials	21.5	12.7	18.1
Information Technologies	3.8	0.4	3.3
Telecommunication Services	1.7	1.1	3.8
Foreign Equities	21.4	19.3	13.0
Fixed Income Funds	12.0	14.7	19.9
Currency Forward Contracts	(0.1)	(0.1)	0.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$290,698,233	\$ –	\$ –	\$290,698,233
Mutual Funds	42,166,736	–	–	42,166,736
Currency Forward Contracts–Assets	–	2,584	–	2,584
	332,864,969	2,584	–	332,867,553
Currency Forward Contracts–Liabilities	–	(378,110)	–	(378,110)
	\$332,864,969	\$(375,526)	\$ –	\$332,489,443

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$166,174,476	\$ –	\$ –	\$166,174,476
Mutual Funds	32,187,802	–	–	32,187,802
	198,362,278	–	–	198,362,278
Currency Forward Contracts–Liabilities	–	(277,831)	–	(277,831)
	\$198,362,278	\$(277,831)	\$ –	\$198,084,447

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 73,450,443	\$ –	\$ –	\$ 73,450,443
Mutual Funds	20,244,646	–	–	20,244,646
	\$ 93,695,089	\$ –	\$ –	\$ 93,695,089

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Scotia Dividend Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

As at January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 2,584	\$(2,584)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 2,584	\$(2,584)	\$ –	\$ –

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$378,110	\$(2,584)	\$ –	\$375,526
Swap contracts	–	–	–	–
Total	\$378,110	\$(2,584)	\$ –	\$375,526

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$277,831	\$ –	\$ –	\$277,831
Swap contracts	–	–	–	–
Total	\$277,831	\$ –	\$ –	\$277,831

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Corporate Bond Pool Series I	\$4,143,683,984	\$ 9,919,964	2.8
Scotia Canadian Income Fund Series I	5,990,064,451	32,246,772	9.2
		\$42,166,736	12.0

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Corporate Bond Pool Series I	\$3,288,773,907	\$ 7,680,042	3.5
Scotia Canadian Income Fund Series I	6,273,765,157	24,507,760	11.2
		\$32,187,802	14.7

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Corporate Bond Pool Series I	\$2,956,176,796	\$ 6,496,767	6.4
Scotia Canadian Income Fund Series I	5,985,048,505	13,747,879	13.5
		\$20,244,646	19.9

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

Scotia Dividend Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	12.25	12.25	12.49	12.49

Scotia Balanced Opportunities Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$792,915,988	\$709,395,081	\$587,044,309
Unrealized gain on currency spot contracts	1,493	—	8,082
Unrealized gain on currency forward contracts	6,877	91,099	4,222
Cash	8,280,647	3,436,055	913,605
Accrued investment income	1,843,804	1,693,672	2,157,990
Receivable for securities sold	2,367,331	576,708	2,311,061
Subscriptions receivable	1,296,422	1,111,487	677,601
Margin deposited on futures	2,611,466	62,419	131,741
	<u>809,324,028</u>	<u>716,366,521</u>	<u>593,248,611</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	3,077,996	373,946	849,963
Distributions payable	474	323	24
Redemptions payable	673,666	655,897	327,453
Payable for index futures and bond futures contracts	—	188,622	263,503
Unrealized loss on currency spot contracts	109	—	739
Unrealized loss on currency forward contracts	46	7,689	85,718
	<u>3,752,291</u>	<u>1,226,477</u>	<u>1,527,400</u>
Net Assets attributable to holders of redeemable units	<u>\$805,571,737</u>	<u>\$715,140,044</u>	<u>\$591,721,211</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$802,896,990	\$712,200,891	\$589,908,725
Advisor Series Units	\$ 2,598,081	\$ 2,922,653	\$ 1,784,209
Series F Units	\$ 76,666	\$ 16,500	\$ 28,277
UNITS OUTSTANDING			
Series A Units	41,676,750	36,231,919	32,915,045
Advisor Series Units	138,373	152,004	101,272
Series F Units	3,934	829	1,560
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 19.26	\$ 19.66	\$ 17.92
Advisor Series Units	\$ 18.78	\$ 19.23	\$ 17.61
Series F Units	\$ 19.49	\$ 19.90	\$ 18.13

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 14,218,573	\$ 13,011,586
Interest for distribution purposes	6,483,624	5,831,441
Capital gains distributions received	(6,269)	44,227
Net realized gain (loss) on non-derivative financial assets	72,622,906	46,539,424
Net realized gain (loss) on futures contracts	(287,157)	(5,915,789)
Net realized gain (loss) on currency forwards	(422,050)	(595,997)
Net gain (loss) foreign exchange	107,534	(88,878)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(21,291,578)	50,485,096
Change in unrealized appreciation (depreciation) of currency spots	1,384	(7,343)
Change in unrealized appreciation (depreciation) of currency forwards	(76,579)	164,906
Net gain (loss) on investments	<u>71,350,388</u>	<u>109,468,673</u>
Securities lending	92,136	104,269
Net realized (gain) loss foreign exchange on cash	(513,909)	252,948
Other income	15,396	13,899
Total income (loss)	<u>70,944,011</u>	<u>109,839,789</u>
EXPENSES		
Management fees (note 5)	13,740,727	11,278,611
Administration fees (note 6)	318,439	—
Harmonized Sales Tax/Goods and Services Tax	1,493,466	1,251,395
Audit fees	16,992	21,619
Independent Review Committee fees	1,614	1,113
Custodian fees	165,207	133,765
Filing fees	35,715	46,510
Legal fees	2,498	3,148
Unitholder reporting costs	58,453	64,077
Unitholder administration and service fees	277,014	420,508
Overdraft charges	6,678	10,855
Foreign withholding taxes/tax reclaims	849,567	518,451
Transaction costs	1,204,251	867,234
Total expenses	<u>18,170,621</u>	<u>14,617,286</u>
Absorbed expenses	<u>(4,226)</u>	<u>(7,001)</u>
Net expenses	<u>18,166,395</u>	<u>14,610,285</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 52,777,616</u>	<u>\$ 95,229,504</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 52,584,123	\$ 94,901,229
Advisor Series Units	\$ 189,324	\$ 325,455
Series F Units	\$ 4,169	\$ 2,820
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.39	\$ 2.80
Advisor Series Units	\$ 1.37	\$ 2.81
Series F Units	\$ 1.18	\$ 3.08
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	37,714,081	33,939,057
Advisor Series Units	138,256	115,819
Series F Units	3,530	917

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

Scotia Balanced Opportunities Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 712,200,891	\$589,908,725
Advisor Series Units	2,922,653	1,784,209
Series F Units	16,500	28,277
	<u>715,140,044</u>	<u>591,721,211</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	52,584,123	94,901,229
Advisor Series Units	189,324	325,455
Series F Units	4,169	2,820
	<u>52,777,616</u>	<u>95,229,504</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(2,853,143)	(4,555,390)
Advisor Series Units	(6,803)	(14,032)
Series F Units	(1,053)	(223)
From realized gain		
Series A Units	(66,304,352)	(31,559,000)
Advisor Series Units	(217,678)	(130,499)
Series F Units	(6,354)	(731)
	<u>(69,389,383)</u>	<u>(36,259,875)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	150,618,055	121,868,453
Advisor Series Units	288,611	1,264,638
Series F Units	122,643	3,199
Reinvested distributions		
Series A Units	68,949,359	36,025,516
Advisor Series Units	188,071	125,563
Series F Units	7,407	955
Payments on redemption		
Series A Units	(112,297,943)	(94,388,642)
Advisor Series Units	(766,097)	(432,681)
Series F Units	(66,646)	(17,797)
	<u>107,043,460</u>	<u>64,449,204</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	90,696,099	122,292,166
Advisor Series Units	(324,572)	1,138,444
Series F Units	60,166	(11,777)
	<u>90,431,693</u>	<u>123,418,833</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	802,896,990	712,200,891
Advisor Series Units	2,598,081	2,922,653
Series F Units	76,666	16,500
	<u>\$ 805,571,737</u>	<u>\$715,140,044</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 52,777,616	\$ 95,229,504
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(72,622,906)	(46,539,424)
Net unrealized (gain) loss foreign exchange on cash	34,742	(138,443)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	21,291,578	(50,485,095)
Change in unrealized (appreciation) depreciation of forward currency contracts	76,579	(164,906)
Change in unrealized (appreciation) depreciation of currency spot contracts	(1,384)	7,343
Purchases of non-derivative financial assets	(1,340,843,468)	(1,135,638,281)
Proceeds from sale of non-derivative financial assets	1,308,388,898	1,110,724,147
Transaction costs	1,178,418	846,217
Accrued investment income	(150,132)	464,318
Accrued expenses	–	(5,559)
Change in margin accounts for futures contracts	(2,737,669)	–
Net cash provided by (used in) operating activities	<u>(32,607,728)</u>	<u>(25,700,179)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	150,844,374	122,702,404
Amounts paid on redemption of redeemable units	(113,112,917)	(94,510,676)
Distributions to unitholders of redeemable units	(244,395)	(107,542)
Net cash provided by (used in) financing activities	<u>37,487,062</u>	<u>28,084,186</u>
Net unrealized (gain) loss foreign exchange on cash	(34,742)	138,443
Net increase (decrease) in cash	4,879,334	2,384,007
Cash (Bank Indebtedness) at beginning of period	3,436,055	913,605
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 8,280,647</u>	<u>\$ 3,436,055</u>
Interest received(1)	6,478,023	5,954,906
Dividends received, net of withholding taxes(1)	13,224,475	12,833,987

(1) Classified as operating items.

Scotia Balanced Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 73.4%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 33.1%				CANADIAN EQUITIES (cont'd)			
Energy – 6.4%				Materials (cont'd)			
30,320	Calfrac Well Services Ltd.	639,007	303,503	375,400	Lundin Mining Corporation	1,887,308	2,147,288
22,900	Cameco Corporation	447,447	436,245	64,300	Major Drilling Group International Inc.	521,251	367,153
205,680	Canadian Natural Resources Ltd.	7,317,456	7,388,026	21,126	Methanex Corporation	1,284,286	1,127,495
56,054	Canselton Drilling Inc.	325,870	228,140	76,100	Osisko Gold Royalties Ltd.	1,127,979	1,246,518
26,500	Canyon Services Group Inc.	404,117	238,235	98,000	Potash Corporation of Saskatchewan Inc.	3,843,895	4,024,860
56,084	Cardinal Energy Ltd.	811,035	757,695	48,200	Rio Alto Mining Limited	139,452	135,924
135,300	Enovus Energy Inc.	4,171,575	3,243,141	27,200	SEMAFO Inc.	133,547	81,056
64,100	Crescent Point Energy Corp.	2,597,753	1,724,931	499,020	Sheritt International Corporation	2,797,278	1,497,060
82,100	EnCana Corporation	1,957,703	1,327,557	44,900	Tahoe Resources Inc.	892,050	725,135
35,300	Gibson Energy Inc.	918,273	959,807	111,300	Tec Resources Ltd., Class B	3,651,607	1,767,444
339,370	Ilkuma Resources Corp.	779,141	335,976	20,366	West Fraser Timber Co., Ltd.	881,572	1,353,728
94,526	Kelt Exploration Ltd.	1,062,573	661,682	126,300	Western Forest Products Inc.	315,750	341,010
23,500	Keyera Corp.	1,952,777	1,905,145	357,780	Yamana Gold Inc.	2,866,715	1,677,988
189,620	Legacy Oil & Gas Inc.	1,289,272	409,579			43,948,854	37,383,539
71,700	Macro Enterprises Inc.	271,900	145,193	Industrials – 3.2%			
46,300	MEG Energy Corporation	1,598,342	905,165	45,400	Aecon Group Inc.	623,163	486,234
56,200	Painted Pony Petroleum Ltd.	667,524	519,850	267,600	Air Canada	2,180,957	3,176,412
27,800	Paramount Resources Ltd.	1,523,093	781,736	83,500	ATS Automation Tooling Systems Inc.	973,166	1,294,250
103,400	Parex Resources Inc.	1,058,156	783,772	11,900	Bird Construction, Inc.	149,409	141,967
42,900	Parkland Fuel Corporation	917,916	932,646	281,700	Bombardier Inc., Class B	1,154,855	1,169,055
48,400	Pembina Pipeline Corporation	2,316,082	2,049,256	68,200	CAE, Inc.	955,629	1,028,456
5,506	Peyto Exploration & Development Corporation	154,538	184,286	105,800	Canadian National Railway Company	5,711,777	8,466,116
16,500	PrairieSky Royalty Ltd.	517,359	504,900	16,785	Canadian Pacific Railway Limited	2,829,043	3,755,644
178,800	Precision Drilling Corporation	1,788,198	1,262,328	12,452	Heroux-Devtek Inc.	98,926	141,081
146,900	Raging River Exploration Inc.	621,040	1,078,246	4,300	Horizon North Logistics Inc.	8,584	11,352
169,500	RMP Energy Inc.	1,149,430	776,310	21,100	Lumenpulse Inc.	379,738	346,040
64,617	Secure Energy Services Inc.	1,041,912	1,096,550	24,700	Polaris Minerals Corporation	63,261	56,069
25,435	ShawCor Ltd.	1,328,714	1,078,444	24,099	Progressive Waste Solutions Ltd.	603,830	841,778
100,500	Spartan Energy Corp.	306,342	280,395	18,168	Russel Metals Inc.	521,136	470,551
268,036	Suncor Energy, Inc.	9,206,737	9,890,528	54,300	WestJet Airlines Ltd.	1,426,619	1,811,448
54,100	TORC oil & Gas Ltd.	586,186	416,570	71,000	WSP Global Inc.	2,465,029	2,475,060
52,600	Tourmaline Oil Corp.	2,539,489	2,035,620			20,145,122	25,671,513
42,700	TransCanada Corporation	2,610,016	2,438,170	Consumer Discretionary – 3.0			
27,350	Trican Well Service Ltd.	383,631	152,340	11,100	Aimia Inc.	159,993	162,171
84,705	Trilogy Energy Corporation	1,663,239	670,017	10,300	AutoCanada Inc.	471,140	458,350
132,124	Trinidad Drilling Ltd.	1,363,168	687,045	49,073	Bauer Performance Sports Ltd.	937,501	1,037,403
256,900	Valeura Energy Inc. Warrants \$0.55 Feb. 28, 2016*	–	128	10,604	Boyd Group Income Fund	243,706	504,750
125,100	Valeura Energy, Inc.	82,757	47,538	7,100	Brookfield Residential Properties Inc.	140,495	198,445
22,500	Vermilion Energy, Inc.	1,470,991	1,282,500	17,988	BRP Inc.	488,953	435,489
146,265	Western Energy Services Corp.	1,324,547	879,053	1,200	Canadian Tire Corporation, Limited, Class A	86,129	147,288
86,400	Whitecap Resources, Inc.	1,161,296	988,416	7,000	Cineplex, Inc.	288,770	313,810
		62,326,602	51,786,664	12,800	Cogeco Cable Inc.	733,739	916,992
Materials – 4.6%				28,400	Dollarama Inc.	1,109,839	1,686,960
29,400	Agrium Inc.	2,463,412	3,234,000	59,600	Gildan Activewear Inc.	2,754,331	3,915,720
60,500	Alamos Gold Inc.	748,977	502,150	19,000	Great Canadian Gaming Corporation	273,019	392,350
128,500	B2Gold Corporation	384,713	244,150	40,800	Harwoods Distribution Inc.	338,279	470,016
229,400	Barrick Gold Corporation	6,853,764	2,872,088	44,660	Hudson's Bay Company	766,531	1,096,850
19,071	Canam Group Inc., Class A	186,887	216,074	19,600	IMAX Corporation	502,895	702,856
18,500	Canfor Corporation	436,119	548,340	16,996	Linamar Corporation	474,722	1,205,866
379,300	Capstone Mining Corp.	971,228	769,979	68,500	Magna International Inc.	5,549,559	8,623,465
19,800	CCL Industries Inc., Class B	1,903,552	2,492,226	43,731	Martinrea International Inc.	412,875	453,490
6,700	Domtar Corporation	265,245	312,756	38,100	RONA Inc.	493,920	527,685
111,500	Eldorado Gold Corporation	788,301	789,420	200	Shaw Communications, Inc., Class B	6,158	6,270
84,700	First Quantum Minerals Ltd.	1,597,574	1,398,397	40,233	SunOpta Inc.	380,036	553,606
29,546	Franco-Nevada Corporation	1,560,815	1,690,327	12,700	Thomson Reuters Corporation	460,228	595,249
83,230	Goldcorp, Inc.	2,700,260	1,790,277			17,072,818	24,405,081
77,800	HudBay Minerals, Inc.	846,533	787,336				
113,000	Interfor Corporation	1,372,695	2,480,350				
41,000	Intertape Polymer Group Inc.	526,089	763,010				

For equities, all common shares unless otherwise noted.

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

Scotia Balanced Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
CANADIAN EQUITIES (cont'd)				CANADIAN EQUITIES (cont'd)			
Consumer Staples – 1.0%				Information Technology (cont'd)			
91,997	Alimentation Couche-Tard Inc., Class B	2,024,854	4,479,334	24,000	Mitel Networks Corp.	261,206	296,880
13,000	Empire Company Limited, Class A	1,017,018	1,139,060	37,748	Open Text Corporation	1,764,540	2,552,142
133,590	Maple Leaf Foods Inc.	2,068,004	2,600,997	154,410	Sandvine Corporation	378,860	504,921
		5,109,876	8,219,391	25,400	Sylogist Ltd.	238,655	251,460
Health Care – 1.0%				2,200	Sylogist Ltd. Restricted*	24,200	21,610
29,000	Catamaran Corporation	1,423,809	1,743,480			7,079,810	9,715,506
13,300	Concordia Healthcare Corporation	575,607	621,775	Telecommunication Services – 1.3%			
4,200	Edwards Lifesciences Corporation	457,934	620,861	9,841	BCE Inc.	384,792	524,328
6,600	Endo International PLC	539,677	557,304	88,300	Rogers Communications, Inc., Class B	3,578,843	3,988,511
38,900	Knight Therapeutics Inc.	168,122	269,188	143,500	TELUS Corporation	4,191,162	6,011,215
24,200	Valeant Pharmaceuticals International, Inc.	2,237,058	4,025,186			8,154,797	10,524,054
		5,402,207	7,837,794	Utilities – 0.4%			
Financials – 10.9%				44,500	Boralex Inc.	568,827	571,825
5,900	Allied Properties Real Estate Investment Trust	220,211	220,896	13,300	Brookfield Infrastructure Partners LP	390,069	647,045
12,874	Altus Group Ltd.	135,933	267,908	4,123	Brookfield Renew Energy Partners LP	118,309	148,016
4,300	Apollo Residential Mortgage Inc.	77,604	78,694	58,200	Capital Power Corporation	1,352,927	1,513,200
18,000	Artis Real Estate Investment Trust	277,494	255,240	10,100	Northland Power Inc.	155,004	154,429
234,200	Bank of Nova Scotia, The	12,996,944	15,529,798	15,531	Pattern Energy Group Inc.	448,944	435,489
4,600	Boardwalk Real Estate Investment Trust	277,208	283,084			3,034,080	3,470,004
30,100	Brookfield Asset Management Inc., Class A	1,757,255	1,752,422	Income Trust Units – 0.1%			
20,950	Brookfield Property Partners LP	436,276	554,128	21,711	Chemtrade Logistics Income Fund	431,311	449,418
43,100	Callidus Capital Corporation	681,168	754,250		TOTAL CANADIAN EQUITIES	242,189,571	266,687,554
8,600	Calloway Real Estate Investment Trust	224,914	234,780	FOREIGN EQUITIES – 40.3%			
96,030	Canadian Imperial Bank of Commerce	8,093,420	9,587,632	United States – 20.6%			
21,200	CI Financial Corporation	690,790	684,548	Energy – 4.3%			
1,700	Compass Diversified Holdings	31,963	32,059	13,100	Anadarko Petroleum Corporation	1,287,879	1,254,207
27,400	Crombie Real Estate Investment Trust	354,009	354,008	13,800	Apache Corporation	1,144,781	1,003,651
8,700	Davis + Henderson Income Corporation	206,349	319,029	52,400	Chevron Corporation	6,779,661	6,821,669
14,600	Dream Industrial Real Estate Investment Trust	119,904	122,932	69,400	ConocoPhillips	5,733,489	5,561,987
431	E-L Financial Corporation Limited	210,440	296,797	5,300	Devon Energy Corporation	387,632	376,480
208,690	Element Financial Corp.	2,513,286	2,950,877	31,200	EOG Resources, Inc.	3,388,243	3,333,624
22,300	FirstService Corporation	947,925	1,321,944	78,700	Exxon Mobil Corporation	7,572,000	8,442,189
26,862	Gluskin Sheff + Associates Inc.	563,927	743,809	400	Hess Corporation	33,906	34,267
24,000	GMP Capital, Inc.	180,298	152,400	1,200	Marathon Oil Corporation	44,413	39,397
10,300	Granite Real Estate Investment Trust	409,557	424,978	2,400	National-Olivell Varco Inc.	183,226	182,514
21,400	Great-West Lifeco Inc.	703,026	718,826	16,300	Occidental Petroleum Corporation	1,583,039	1,524,543
31,100	Guardian Capital Group Ltd., Class A	349,167	553,269	59,500	Schlumberger Limited	6,518,293	5,897,522
22,500	Industrial Alliance Insurance and Financial Services Inc.	903,116	999,675			34,656,562	34,472,050
10,952	Intact Financial Corporation	694,400	918,325	Materials – 0.2%			
410,790	Manulife Financial Corporation	7,685,531	9,111,322	2,300	LyondellBasell Industries NV, Class A	233,786	211,903
29,014	Milestone Apartments Real Estate Investment Trust	317,726	354,551	22,200	Newmont Mining Corporation	497,675	486,535
41,700	National Bank of Canada	1,657,682	2,061,648	7,100	Royal Gold, Inc.	555,077	516,618
300	Power Corporation of Canada	9,134	9,528			1,286,538	1,215,056
200	Power Financial Corporation	6,821	7,236	Industrials – 2.0%			
13,500	RioCan Real Estate Investment Trust	358,548	356,805	1,200	3M Co.	205,705	228,873
205,350	Royal Bank of Canada	11,804,838	16,477,284	9,200	Caterpillar Inc.	1,039,210	976,906
61,600	Sun Life Financial Inc.	2,196,261	2,582,272	10,300	CSX Corporation	411,580	433,061
9,445	TMX Group Inc.	476,205	477,917	8,000	General Dynamics Corporation	1,104,790	1,277,893
269,760	Toronto-Dominion Bank, The	10,386,819	14,974,375	65,200	General Electric Company	1,890,657	1,912,039
80,200	Tricon Capital Group Inc.	527,945	699,344	7,200	Hawaiian Holdings Inc.	158,927	217,663
		69,484,094	87,224,590	11,000	Lockheed Martin Corporation	1,628,075	2,458,564
Information Technology – 1.2%				600	Macquarie Infrastructure Company LLC	48,014	49,500
22,120	Avigilon Corporation	411,231	424,262	2,700	Norfolk Southern Corporation	338,722	343,446
18,400	Celestica Inc.	167,662	251,160	4,000	Northrop Grumman Corporation	358,176	683,997
50,200	CGI Group Inc., Class A	1,543,678	2,223,358	10,500	Raytheon Company	751,681	1,318,258
7,462	Computer Modelling Group Ltd.	76,073	89,096	5,000	Republic Airways Holdings Inc.	73,539	84,658
2,900	Constellation Software Inc.	463,443	1,001,776	1,600	Southwest Airlines Co.	54,406	78,552
51,300	Descartes Systems Group Inc., The	765,507	884,925	2,700	The Geo Group Inc.	110,703	126,383
5,400	Enghouse Systems Limited	129,180	224,046				
14,500	Kinaxis Inc.	266,641	268,250				
7,600	MacDonald, Dettwiler and Associates Ltd.	588,934	721,620				

For equities, all common shares unless otherwise noted.
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Scotia Balanced Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
United States (cont'd)				United States (cont'd)			
Industrials (cont'd)				Health Care (cont'd)			
41,300	Union Pacific Corporation	4,311,728	5,709,724	869	Targacept Inc.	2,632	2,652
		12,485,913	15,899,517	300	Tesaro Inc.	12,914	12,948
Consumer Discretionary – 0.7%				900	Thermo Fisher Scientific, Inc.	115,710	130,880
1,100	Big Lots, Inc.	50,748	51,087	15,600	UnitedHealth Group Incorporated	1,310,037	1,830,108
87,800	Comcast Corporation, Class A	4,829,151	5,910,732	3,200	Zimmer Holdings, Inc.	350,621	421,195
100	Strayer Education, Inc.	8,552	8,620			11,906,787	15,632,703
		4,888,451	5,970,439	Financials – 2.8%			
Consumer Staples – 3.7%				1,800	AG Mortgage Investment Trust Inc.	36,889	38,791
25,700	Altria Group, Inc.	1,330,508	1,469,466	8,100	American Capital Agency Corporation	207,761	205,203
13,900	Archer-Daniels-Midland Company	741,241	838,807	1,400	Associated Estates Realty Corporation	36,891	37,709
68,600	Coca-Cola Company, The	2,775,209	3,361,137	3,300	AvalonBay Communities, Inc.	558,000	625,859
3,200	Colgate-Palmolive Company	231,726	256,888	9,100	Berkshire Hathaway Inc., Class B	923,463	1,585,662
18,800	CVS Caremark Corporation	1,406,004	2,101,228	1,000	Boston Properties, Inc.	134,731	149,344
2,100	Dr. Pepper Snapple Group, Inc.	150,632	174,687	2,500	Camden Property Trust	202,433	214,228
11,600	Kimberly-Clark Corporation	1,398,968	1,554,632	800	Capital One Financial Corporation	58,340	76,639
300	Mondelez International, Inc.	9,238	12,647	1,100	Chatham Lodging Trust	28,214	36,962
44,300	PepsiCo, Inc.	4,037,456	4,861,330	2,200	Colony Financial Inc.	52,185	60,853
36,000	Pilgrim's Pride Corporation	1,135,421	1,369,897	600	Corrections Corp. of America	22,534	25,303
66,400	Procter & Gamble Company, The	5,697,160	7,021,047	400	CyrusOne Inc.	11,037	12,789
11,100	Reynolds American Inc.	736,888	827,702	15,400	CYS Investments, Inc.	153,395	155,841
10,400	Rite Aid Corporation	64,484	90,760	700	Education Realty Trust Inc.	25,697	29,724
1,800	Safeway Inc.	75,061	73,362	300	EPR Properties	17,860	20,064
62,100	Wal-Mart Stores, Inc.	4,859,279	6,190,182	1,200	Equity Lifestyle Properties, Inc.	59,970	71,691
		24,649,275	30,203,772	9,600	Equity Residential Real Estate Investment Trust	707,313	800,631
Health Care – 1.9%				100	Essex Property Trust, Inc.	21,111	23,980
1,700	Abbott Laboratories	71,570	88,817	100	Everest Re Group Ltd.	17,748	19,763
2,300	Achillion Pharmaceuticals Inc.	34,550	32,697	400	Federal Realty Investment Trust	55,311	61,952
1,600	Acorda Therapeutics Inc.	73,897	75,887	3,000	HCP, Inc. Real Estate Investment Trust	144,588	153,290
3,700	Actavis Inc.	777,920	1,106,307	9,300	Invesco Mortgage Capital Inc.	168,202	166,854
700	Aetna Inc.	57,651	72,161	84,200	JPMorgan Chase & Co.	5,233,418	6,116,397
400	Alnylam Pharmaceuticals Inc.	46,900	45,027	1,300	LaSalle Hotel Properties	58,186	61,055
4,700	AMAG Pharmaceuticals Inc.	212,753	232,464	400	LTC Properties Inc.	17,579	20,053
9,200	Amedys, Inc.	167,018	313,357	3,700	Marsh & McLennan Companies, Inc.	182,725	245,779
28,200	Amicus Therapeutics Inc.	263,147	272,280	1,300	MetLife, Inc.	81,425	81,603
18,200	Anthem, Inc.	1,568,074	2,655,232	32,800	MFA Financial Inc.	303,780	304,134
10,900	Array BioPharma Inc.	60,727	59,832	500	National Health Investors Inc.	34,379	40,594
4,000	Bluebird Bio, Inc.	407,215	425,763	1,300	PartnerRe Ltd.	159,943	172,054
5,000	Boston Scientific Corporation	32,537	76,883	200	Pebblebrook Hotel Trust	9,609	10,591
7,100	Chimerix Inc.	286,847	331,723	5,600	PennyMac Mortgage Investment Trust	129,330	137,059
200	CIGNA Corporation	15,578	23,885	17,300	PNC Financial Services Group, Inc., The	1,555,792	1,831,588
300	Covidien PLC	23,275	35,621	1,600	Post Properties, Inc.	98,391	109,124
800	DepoMed, Inc.	10,601	14,956	281	Prudential plc	10,512	15,056
12,100	Express Scripts, Inc.	896,929	1,188,937	900	Public Storage Real Estate Investment Trust	172,259	193,160
7,000	Horizon Pharma PLC	106,150	104,712	1,100	RenaissanceRe Holdings Ltd.	122,215	124,138
3,000	Immunomedics Inc.	15,340	16,711	4,900	Retail Properties of America Inc.	83,161	94,992
900	Infinity Pharmaceuticals Inc.	18,090	17,641	2,700	Senior Housing Properties Trust	66,226	69,278
1,200	Kindred Healthcare, Inc.	28,917	25,317	600	Starwood Property Trust Inc.	14,748	16,182
21,800	Medtronic, Inc.	1,413,439	1,826,575	17,500	Travelers Companies, Inc., The	1,535,650	2,149,980
39,500	Merck & Co., Inc.	2,015,563	2,603,232	5,800	Two Harbors Investment Corporation	63,949	67,544
42,400	Merrimack Pharmaceuticals Inc.	504,398	556,755	1,400	UDR Inc.	45,796	50,073
5,400	Momenta Pharmaceuticals, Inc.	74,201	75,451	500	Universal Insurance Holdings, Inc.	11,495	11,857
6,800	Novavax Inc.	47,140	46,796	2,900	Ventas, Inc.	215,544	241,353
400	Ophthotech Corporation	22,040	20,829	88,600	Wells Fargo & Company	4,109,783	5,636,593
800	OvaScience, Inc.	30,030	41,054			17,959,568	22,373,369
200	PTC Therapeutics Inc.	13,035	12,016	Information Technology – 4.3%			
100	Puma Biotechnology, Inc.	22,693	21,965	6,300	Amkor Technology, Inc.	67,538	51,909
4,600	Receptos Inc.	644,050	653,993	64,000	Apple Inc.	7,193,465	8,198,116
1,800	Sangamo BioSciences Inc.	32,080	31,772	2,900	Avago Technologies Ltd.	343,707	338,530
7,500	Select Medical Holdings Corporation	118,135	125,334	30,100	Cisco Systems, Inc.	957,558	971,604
325	Symmetry Surgical Inc.	2,383	2,938	4,600	Computer Sciences Corporation	201,459	336,579

For equities, all common shares unless otherwise noted.
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Scotia Balanced Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
United States (cont'd)				Brazil (cont'd)			
Information Technology (cont'd)				5,700	CETIP	77,130	80,134
14,900	EarthLink, Inc.	88,700	75,909	7,500	Companhia Energetica de Sao Paulo, Preference, Series B	88,895	87,784
2,100	Emulex Corporation	14,175	13,818	57,800	Itau Unibanco Holding SA, Preference	927,247	872,392
80,600	Hewlett-Packard Company	1,841,563	3,755,004	69,200	Itausa-Investimentos Itau SA, Preference	298,294	280,028
121,200	Intel Corporation	4,630,439	5,104,268	800	Kepler Weber SA	14,067	17,486
800	InterDigital, Inc.	48,754	49,112	162,500	Kroton Educacional SA	1,157,546	1,086,901
19,500	International Business Machines Corporation	4,105,446	3,630,707			4,724,385	4,423,881
50,900	Micron Technology, Inc.	1,486,306	2,068,016	Chile – 0.5%			
127,100	Microsoft Corporation	5,021,289	6,851,335	503,100	Administradora de Fondos de Pensiones Habitat SA	904,429	874,703
63,700	Net 1 UEPS Technologies, Inc.	723,623	842,729	11,338	Banco de Credito e Inversiones	695,308	649,058
7,200	Oracle Corporation	323,544	375,750	13,280,800	Banco Santander Chile	928,590	761,806
7,500	RF Micro Devices, Inc.	114,303	144,177	1,398,800	Colbun SA	413,036	430,106
16,300	Skyworks Solutions, Inc.	1,081,679	1,375,389	474,900	Empresa Nacional de Electricidad SA	807,238	823,054
500	Tessera Technologies Inc.	17,105	20,750	36,500	Inversiones La Construccion SA	544,151	511,686
1,400	VASCO Data Security International, Inc.	42,373	45,833			4,292,752	4,050,413
		28,303,026	34,249,535	China – 0.0%			
Telecommunication Services – 0.5%				17,000	Capitaretail China Trust	24,214	24,039
800	American Tower Corporation	82,694	91,795	236,000	Chongqing Rural Commercial Bank Co., Ltd.	155,991	170,071
77,700	AT&T Inc.	2,981,985	3,028,830	22,000	Wasion Group Holdings Ltd.	26,012	23,738
400	CenturyLink Inc.	13,000	18,373			206,217	217,848
30,000	Inteliquent, Inc.	292,148	683,417	Czech Republic – 0.4%			
2,200	Spok Holdings Inc.	29,159	44,322	82,000	CEZ AS	2,530,449	2,445,871
1	Verizon Communications Inc.	53	54	4,200	Komerční Banka AS	1,081,067	1,003,977
		3,399,039	3,866,791			3,611,516	3,449,848
Utilities – 0.2%				Denmark – 1.3%			
1,100	Centene Corporation	118,260	132,569	16,500	Bavarian Nordic A/S	573,199	613,033
2,600	Entergy Corporation	232,685	263,802	16,100	Genmab A/S	1,043,891	1,084,932
3,700	Exelon Corporation	139,937	159,216	107,200	Novo Nordisk A/S, Class B	5,360,317	5,263,586
6,400	PG&E Corporation	332,871	395,312	29,700	Pandora AS	2,486,535	2,795,581
9,800	Public Service Enterprise Group Incorporated	405,471	470,666	23,600	Vestas Wind Systems AS	949,636	989,329
2,000	Sempra Energy	225,686	258,408			10,413,578	10,746,461
		1,454,910	1,679,973	Egypt – 0.3%			
TOTAL UNITED STATES EQUITIES				1,650,700	Amer Group Holding	348,922	342,817
		140,990,069	165,563,205	212,600	Egyptian Financial Group-Hermes Holding	593,486	536,229
Australia – 0.5%				660,100	Pioneers Holding	1,365,541	1,354,231
104,900	Emeco Holdings Ltd.	27,773	14,314			2,307,949	2,233,277
42,400	Lend Lease Group	640,816	655,636	Finland – 0.6%			
44,400	Newcrest Mining Limited	443,026	459,159	109,200	Fortum Oyj	2,877,813	2,737,939
1,136,900	Qantas Airways Limited	2,324,765	2,560,147	82,800	Nokia Oyj	762,405	756,124
11,100	Sirtex Medical Ltd.	295,782	296,699	40,800	Orion Corp. OYJ, Class B	1,691,441	1,469,609
		3,732,162	3,985,955	5,800	UPM-Kymmene Oyj	112,097	110,504
Austria – 0.3%						5,443,756	5,074,176
18,800	CA Immobilien Anlagen AG	418,278	409,071	France – 0.8%			
20,400	Flughafen Wien AG	1,888,567	2,228,820	250,500	Credit Agricole SA	4,319,606	3,736,469
		2,306,845	2,637,891	400	Eurazeo	29,751	32,419
Belgium – 0.2%				1,000	Mercialys	23,441	25,881
10,900	Ablynx NV	142,367	138,253	271,101	Natixis	1,799,849	2,068,425
1,700	Ackermans & van Haaren NV	238,766	242,851	1,400	Numerical – SFR	74,116	80,098
18,300	Belgacom SA	779,257	768,840	700	SES Global SA FDR	29,397	29,134
7,000	Groupe Bruxelles Lambert SA	706,084	691,312	11,300	Ubisoft Entertainment SA	232,995	240,032
1,700	Ion Beam Applications	33,917	34,218	200	Wendel	26,094	25,934
1,000	Melexis NV	50,985	52,266			6,535,249	6,238,392
		1,951,376	1,927,740	Germany – 0.1%			
Bermuda – 0.0%				1,200	Bayer AG	189,401	190,343
900	Endurance Specialty Holdings Ltd.	54,896	62,515	900	Hannover Rueckversicherung AG	92,542	94,720
Brazil – 0.5%				26,500	Nordex AG	565,292	558,071
10,100	Banco do Brasil SA	97,722	103,721	300	STRATEC Biomedical AG	21,156	19,264
129,300	BB Seguridade Participacoes S/A	1,965,538	1,801,705			868,391	862,398
37,700	Centrais Eletricas Brasileiro SA	97,946	93,730				

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Balanced Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Greece – 0.0%				Israel – 0.6%			
7,900	Aegean Airlines SA	86,786	76,509	73,500	Teva Pharmaceutical Industries Ltd.	4,149,392	4,901,286
Hong Kong – 1.6%				9,400	Tower Semiconductor Ltd.	145,602	141,245
467	APT Satellite Holdings Ltd.	615	766			4,294,994	5,042,531
1,426,000	BYD Electronic International Co., Ltd.	1,723,382	1,589,777	Italy – 0.2%			
265,000	CGN Mining Co., Ltd.	34,102	29,718	6,000	EXOR SpA	298,785	284,015
7,000	Cheung Kong (Holdings) Limited	143,209	135,563	73,000	Fiat Chrysler Automobiles NV	1,020,810	971,965
1,106,000	Chigo Holding, Ltd.	29,659	27,024			1,319,595	1,255,980
224,000	China CITIC Bank Corporation Limited	168,746	207,721	Japan – 1.8%			
177,000	China Medical System Holdings Limited	325,028	337,268	52,800	Alps Electric Co., Ltd.	1,168,668	1,164,760
72,000	China Merchants China Direct Investments Limited	150,981	148,955	1,500	AOI Electronics Co., Ltd.	88,117	83,839
80,000	China Southern Airlines Co., Ltd.	42,455	44,386	46,500	Astellas Pharma Inc.	800,086	751,039
528,000	China Travel International Investment Hong Kong Limited	180,834	210,718	3,700	BIC Camera Inc.	41,066	49,422
79,100	China Vanke Co., Ltd.	189,686	203,737	13,800	Casio Computer Co., Ltd.	257,190	245,944
222,000	Datang International Power Generation Company Limited	138,062	137,943	1,600	Central Japan Railway Company	278,438	278,560
828,000	Dawnrays Pharmaceutical Holdings Ltd.	695,364	613,181	181,000	Clarion Co., Ltd.	778,613	652,699
615,000	Evergrande Real Estate Group Limited	281,171	287,821	600	CONEXIO Corporation	6,807	6,462
46,000	First Pacific Co. Ltd.	54,076	52,700	13,000	Dai-ichi Seiko Co., Ltd.	329,006	301,707
111,200	Guangzhou R&F Properties Co., Ltd.	157,465	156,993	100	Daito Trust Construction Co., Ltd	13,629	13,140
1,717,000	Guotai Junan International Holdings Ltd.	1,398,839	1,501,084	68,700	Fuji Heavy Industries Ltd.	2,812,010	2,807,568
17,200	Haitong Securities Co., Ltd.	49,190	49,913	26,600	FUJIFILM Holdings Corporation	966,952	931,598
7,000	Henderson Land Development Company Limited	53,479	56,394	3,500	Fukuda Denshi Co., Ltd.	228,888	205,539
171,000	Huabao International Holdings Limited	158,401	161,869	4,700	Hazama Ando Corp.	33,445	35,172
232,000	Huadian Power International Corporation Limited	216,849	235,210	10,900	Hoya Corporation	443,057	423,516
221,000	Kaisa Group Holdings Ltd.*	89,879	52,419	11,000	Japan Aviation Electronics Industry, Limited.	296,150	279,930
557,500	KWG Property Holding Ltd.	471,788	440,114	6,000	Kaken Pharmaceutical Co., Ltd.	147,556	134,134
650,000	Lenovo Group Limited	929,829	983,508	8,600	Marvelous Inc.	156,183	134,908
208,000	Link Real Estate Investment Trust, The	1,486,644	1,506,930	51	Mazda Motor Corporation	1,098	1,421
835,000	Real Nutriceutical Group Ltd.	330,763	250,751	26	Mitsuba Corporation	446	539
308,000	Shandong Luoxin Pharmaceutical Group Stock Co., Ltd.	705,548	689,523	3,200	Mitsumi Electric Company, Ltd.	31,153	29,459
434,000	Shenzhen Expressway Company Limited	264,352	333,809	6,200	Murata Manufacturing Company Ltd.	768,732	785,946
19,000	Shimao Property Holdings Limited	52,452	49,032	5,200	Nakanishi Inc.	230,183	256,048
44,000	Sino Land Company Limited	82,105	81,969	19,500	Nexon Co., Ltd.	204,084	211,005
589	Sinomedia Holding Ltd.	537	382	22,000	OncoTherapy Science Inc.	113,712	122,687
331,000	Sunac China Holdings Ltd.	337,790	388,004	6,000	Osaki Electric Co., Ltd.	48,498	47,835
105,000	Sunny Optical Technology Group Co., Ltd.	215,269	208,447	78,700	Seiko Epson Corporation	3,103,109	3,836,229
1,170,000	The United Laboratories International Holdings Limited	1,014,725	788,230	2,800	Sumco Corporation	48,076	46,726
88,000	TPV Technology Ltd.	19,369	21,996	28	Sumitomo Chemical Co. Ltd.	89	129
152,000	Welling Holding Ltd.	50,116	34,942	9,700	TDK Corporation	697,255	663,250
1,348,000	Xiamen International Port Company Ltd.	423,012	400,755	3,000	The Eighteenth Bank Ltd.	9,957	9,697
428,000	Zijin Mining Group Co., Ltd., Class H	133,732	141,004	17,000	The Ogaki Kyoritsu Bank Ltd.	57,044	59,618
		12,799,503	12,560,556	4,000	THE TOCHIGI BANK, LTD.	19,905	20,572
Indonesia – 0.8%				400	UMN Pharma Inc.	12,522	11,272
1,328,600	Ciputra Development Tbk PT	162,382	153,846	200	Yamabiko Corporation	10,450	10,021
80,500	Ciputra Surya Tbk PT	21,686	22,174			14,202,174	14,612,391
1,651,300	Intiland Development Tbk PT	99,952	99,847	Luxembourg- 0.0%			
379,200	Lippo Cikarang Tbk PT	334,101	366,727	2,700	GAGFAH SA	69,968	70,093
1,848,800	P.T. Bank Rakyat Indonesia (Persero) Tbk	1,814,873	1,997,836	Malaysia – 0.4%			
4,384,900	Pembangunan Perumahan Persero Tbk	984,972	1,453,060	97,100	AirAsia Berhad	90,419	87,433
245,800	PT Bank Negara Indonesia (Persero) Tbk	118,130	139,285	321,800	Berjaya Auto Berhad	352,671	351,739
2,659,100	PT Kawasan Industri Jababeka Tbk	67,113	73,018	356,800	Faber Group Berhad	325,197	322,372
3,345,300	PT Pakuwon Jati Tbk	139,524	160,188	565,900	Hap Seng Consolidated Berhad	631,546	877,971
5,582,500	PT Panin Financial Tbk PT	140,966	156,473	672,600	JCY International Bhd	161,731	120,736
1,898,500	PT Summarecon Agung Tbk	260,860	267,715	134,400	KSL Holdings Berhad	91,380	82,168
8,753,100	PT Waskita Karya Persero Tbk	734,825	1,191,782	213,400	Malaysian Pacific Industries Berhad	390,169	319,610
		4,879,384	6,081,951	1,196,700	Press Metal Berhad	1,155,603	1,015,962
Ireland – 0.0%				123,700	Puncak Niaga Holdings Berhad	143,860	120,931
8,000	Aer Lingus Group plc	19,878	24,788	42,500	Sunway Bhd	47,595	46,260
26,500	Governor and Company of the Bank of Ireland, The	9,903	11,468	11,600	TIME dotCom Berhad	20,101	18,774
		29,781	36,256	70,000	Unisem (M) Berhad	40,559	41,185
						3,450,831	3,405,141

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Balanced Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Mexico – 0.2%				South Korea (cont'd)			
100,900	Gruma, S.A.B. de C.V.	1,247,106	1,249,749	166	Com2uS Corporation	21,050	23,678
34,500	Grupo Financiero Interacciones SA de CV	318,818	269,396	37,438	Dongbu Securities Co., Ltd.	195,860	145,827
		<u>1,565,924</u>	<u>1,519,145</u>	1,361	EO Technics Co., Ltd.	148,444	180,702
Netherlands – 0.3%				3,010	Gamevil Inc.	470,111	381,924
4,300	Altice S.A.	359,917	393,703	101	Genexine Co., Ltd.	5,286	5,036
17,500	BE Semiconductor Industries NV	387,693	452,383	70,201	Hynix Semiconductor Inc.	3,398,306	3,525,348
3,800	Unibail-Rodamco SE	1,069,903	1,126,890	9,632	Korea Kolmar Holdings Co., Ltd.	437,460	435,542
800	Vastned Retail NV	42,728	41,932	1,638	Korean Air Lines Co., Ltd.	73,798	81,987
		<u>1,860,241</u>	<u>2,014,908</u>	70,062	Kyobo Securities Co., Ltd.	921,675	589,823
New Zealand – 0.7%				13,778	Loen Entertainment Inc.	645,149	638,364
934,000	Air New Zealand Limited	1,833,492	2,084,115	1,616	Medy-Tox Inc.	451,800	545,364
174,100	Chorus Limited	371,937	419,496	309,183	Meritz Securities Co., Ltd.	1,144,300	1,281,350
210,300	Fisher & Paykel Healthcare Corporation Ltd.	970,177	1,187,542	19,675	Naturalendo Tech Co., Ltd.	1,064,486	944,356
515,800	Meridian Energy Ltd.	753,252	820,636	9,933	Nexon GT Co., Ltd.	196,404	133,010
18,800	Mighty River Power	50,759	50,609	47,100	Rand Merchant Insurance Holdings Ltd.	194,749	192,424
431,000	Spark New Zealand Ltd.	1,106,104	1,211,805	31,164	Sundaytoz Corp.	702,867	563,359
		<u>5,085,721</u>	<u>5,774,203</u>			<u>10,556,915</u>	<u>10,108,395</u>
Norway – 0.8%				Spain – 0.2%			
14,600	Bakkafrost P/F	420,344	379,828	193,400	Banco Santander SA	2,104,213	1,876,358
13,700	DnB NOR ASA	252,125	233,816	3,300	Zeltia SA	13,439	12,347
662,100	Norsk Hydro ASA	4,267,427	4,310,494			<u>2,117,652</u>	<u>1,888,705</u>
7,900	REC Solar ASA	127,922	125,154	Sweden – 0.7%			
326,100	Renewable Energy Corporation AS	149,938	89,070	23,700	Fastighets AB Balder, Series B	351,783	386,250
6,200	Salmar ASA	121,987	122,404	900	Hemfosa Fastigheter AB	20,499	21,963
23,600	Yara International ASA	1,219,003	1,221,680	3,100	Industrivarden AB, Class C	62,472	62,491
		<u>6,558,746</u>	<u>6,482,446</u>	91,600	Investor AB, Class B	3,791,198	3,852,696
Philippines – 0.3%				22,400	Kinnevik Investment AB Class B	835,681	843,147
116,450	Cebu Air Inc.	222,632	257,707	3,000	Kloven AB	33,323	3,662
532,400	D&L Industries Inc.	191,302	228,494	16,000	Swedish Orphan Biovitrum AB	192,065	188,971
269,600	First Gen Corporation	175,507	177,544	13,300	Telefonaktiebolaget LM Ericsson, Class B	184,661	186,947
198,400	Lopez Holdings Corp.	34,020	34,367			<u>5,471,682</u>	<u>5,546,127</u>
1,570,600	Nickel Asia Corporation	1,550,068	1,922,598	Switzerland – 0.7%			
		<u>2,173,529</u>	<u>2,620,710</u>	10,800	Actelion Ltd.	1,434,500	1,441,646
Portugal – 0.1%				500	Cosmo Pharmaceuticals SpA	77,633	85,652
176,500	EDP – Energias de Portugal SA	827,397	792,000	2,100	Lonza Group AG	267,300	274,594
2,872	Mota – Engil, SGPS, S.A.	16,622	10,584	33,800	Novartis AG	3,646,167	3,606,698
		<u>844,019</u>	<u>802,584</u>	300	Santhera Pharmaceutical Holding AG	31,909	29,772
Singapore – 0.0%						<u>5,457,509</u>	<u>5,438,362</u>
35,000	Capitacommmercial Trust	50,129	53,761	Thailand – 0.4%			
12,000	First Real Estate Investment Trust	12,829	13,168	2,936,600	Ananda Development PCL	381,973	339,376
16,000	Fraser's Centrepont Trust	26,861	26,545	63,000	AP Thailand PCL	14,548	13,202
7,000	Fraser's Commercial Trust	8,405	8,669	422,200	Asia Plus Securities Public Company Limited	62,329	60,718
41,000	Mapletree Commercial Trust	51,451	50,619	84,500	Delta Electronics Thailand PCL	213,765	209,934
		<u>149,675</u>	<u>152,762</u>	54,800	Gunkul Engineering PCL	53,115	54,488
South Africa – 0.8%				103,400	Gunkul Engineering PCL	86,356	102,812
30,400	Ascendis Health Limited	49,333	50,605	465,900	KCE Electronics Public Company Limited	501,828	560,008
43,200	FirstRand Limited	211,141	217,143	340,300	Krungthai Card Public Company Limited	796,765	767,824
63,700	Gold Fields Limited	320,857	334,528	215,000	Pruksa Real Estate PCL	233,154	216,501
10,400	Remgro Limited	247,118	263,617	638,900	RS Public Company Limited	359,698	391,624
93,000	Resilient Property Income Fund Limited	767,316	780,572	692,900	Thai Airways International Public Company Limited	370,630	354,817
23,700	Sappi Ltd.	110,267	100,276			<u>3,074,161</u>	<u>3,071,304</u>
603,800	Sibanye Gold Ltd.	1,429,855	1,350,604	Turkey – 0.4%			
469,200	Telkom SA Ltd.	1,341,179	3,285,408	13,100	Goodyear Lastikler Turk A.S.	589,112	589,490
		<u>4,477,066</u>	<u>6,382,753</u>	7,500	Gubre Fabrikalari TAS	17,548	18,692
South Korea – 1.3%				51,600	Hadi Omer Sabanci Holding AS	255,076	260,018
246	Amorepacific Group	294,269	258,929	242,600	Vestel Beyaz Esya Sanayi ve Ticaret AS	944,271	1,301,819
3,288	Cell Biotech Co., Ltd.	190,901	181,372	374,800	Vestel Elektronik Sanayi ve Ticaret AS	1,011,873	1,176,760
						<u>2,817,880</u>	<u>3,346,779</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Balanced Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)					BOND AND DEBENTURE INSTRUMENTS (cont'd)			
FOREIGN EQUITIES (cont'd)					Provincial Bonds (cont'd)			
United Kingdom – 1.9%					5,516,000 2.45% due Jun. 29, 2022			
40,300	Acacia Mining PLC		183,438	186,230	877,000	2.85% due Jun. 2, 2023	879,941	902,924
32,200	AstraZeneca PLC		2,117,613	2,628,617	16,119,000	3.15% due Jun. 2, 2022	16,047,872	17,050,705
10,372	AstraZeneca PLC ADR		527,168	847,141	25,000	3.50% due Jun. 2, 2024	25,807	26,866
15,200	BP PLC		120,326	112,004	205,000	3.50% due Jun. 2, 2043	204,370	213,452
16,717	BP PLC ADR		740,151	739,238	7,870,000	4.70% due Jun. 2, 2037	9,199,874	9,674,998
11,900	British American Tobacco PLC		755,472	750,329	7,409,000	5.60% due Jun. 2, 2035	9,568,247	10,036,728
38,300	British Land Company PLC		491,879	533,934	313,000	5.85% due Mar. 8, 2033	399,119	429,049
2,000	Chesnara PLC		12,151	12,218	1,418,000	6.50% due Mar. 8, 2029	1,947,411	1,994,163
13,500	Dart Group PLC		66,720	71,037		Province of Quebec		
1,200	Denwent London PLC		57,948	65,043	12,166,000	3.50% due Dec. 1, 2022	12,436,695	13,123,546
13,000	Dialog Semiconductor plc		515,312	533,217	102,000	3.50% due Dec. 1, 2045	105,065	105,154
233,300	Direct Line Insurance Group PLC		1,226,838	1,221,115	689,000	3.75% due Sep. 1, 2024	738,877	751,864
3,800	Genus PLC		91,658	85,875	1,344,000	4.25% due Dec. 1, 2021	1,419,533	1,518,926
25,900	Hammerson PLC		263,767	280,920	2,239,000	5.00% due Dec. 1, 2038	2,624,280	2,849,815
3,900	Hikma Pharmaceuticals PLC		129,497	138,792	435,000	6.00% due Oct. 1, 2029	556,757	585,880
4,800	Imperial Tobacco Group PLC		231,676	243,939	4,208,000	6.25% due Jun. 1, 2032	5,707,905	5,918,204
4,800	InterContinental Hotels Group		197,508	223,212			71,832,621	76,497,350
52,700	INTU Properties PLC		307,950	316,255	Corporate Bonds – 12.7%			
44,200	Kazakhmys PLC		240,900	204,049		Alimentation Couche-Tard		
45,360	Legal & General Group PLC		119,348	202,177	2,384,000	3.32% due Nov. 1, 2019	2,387,600	2,444,058
78,169	Lloyds Banking Group PLC		102,176	107,120		AltaLink LP		
47,800	Man Group PLC		122,741	137,251	648,000	3.40% due Mar. 6, 2024	648,000	677,106
5,100	National Grid PLC		78,191	84,372	2,044,000	3.67% due Nov. 6, 2023	2,143,406	2,190,076
9,100	Pendragon PLC		5,349	5,405		Bank of Montreal		
13,600	Randgold Resources Limited		1,037,447	1,067,854	1,970,000	2.43% due Mar. 4, 2019	1,983,591	1,998,721
9,600	Royal Dutch Shell PLC, Class B		415,376	382,721	613,000	3.21% due Sep. 13, 2018	612,969	639,400
80,000	Safestore Holdings PLC		308,701	335,577	13,201,000		13,575,234	
4,660	Shire PLC		152,303	382,619		3.40% due Apr. 23, 2021		13,935,979
36,600	Sky PLC		606,023	591,152	275,000	6.02% due May 2, 2018	325,633	310,933
12,900	Smith & Nephew PLC		245,723	274,842		Bank of Nova Scotia, The		
86,900	United Utilities Group PLC		1,339,745	1,429,067	4,067,000	2.24% due Mar. 22, 2018	4,040,518	4,105,535
18,700	Workspace Group PLC		201,121	256,578	419,000	2.75% due Aug. 13, 2018	418,883	430,364
			13,012,216	14,449,900	2,082,000	3.27% due Jan. 11, 2021	2,119,244	2,181,856
	TOTAL FOREIGN EQUITIES		293,795,093	324,214,491		BCE Inc. (callable)		
	TOTAL EQUITIES		535,984,664	590,902,045	581,000	3.15% due Sep. 29, 2021-(Aug. 29, 2021)	578,688	590,638
BOND AND DEBENTURE INSTRUMENTS – 22.4%						Bell Canada		
Federal Bonds – 0.2%					684,000	3.35% due Mar. 22, 2023	686,681	692,623
Government of Canada					1,944,000	4.70% due Sep. 11, 2023	1,972,639	2,144,312
1,028,000	2.75% due Sep. 1, 2016		1,059,251	1,057,729		Brookfield Asset Management Inc.		
176,000	3.50% due Dec. 1, 2045		218,100	220,957	592,000	3.95% due Apr. 9, 2019	600,863	622,792
			1,277,351	1,278,686	1,432,000	4.54% due Mar. 31, 2023	1,466,226	1,529,145
Provincial Bonds – 9.5%					3,168,000	5.04% due Mar. 8, 2024	3,308,782	3,464,758
Hydro-Quebec					3,000	5.30% due Mar. 1, 2021	3,249	3,352
303,000	0.00% due Aug. 15, 2022		231,871	249,239	283,000	5.95% due Jun. 14, 2035	253,020	313,202
	Province of Manitoba					Canadian Imperial Bank of Commerce		
319,000	4.60% due Mar. 5, 2038		372,713	389,977	5,099,000	2.22% due Mar. 7, 2018	5,048,549	5,145,821
192,000	5.70% due Mar. 5, 2037		257,595	266,744	1,884,000	2.35% due Jun. 24, 2019	1,882,323	1,904,208
510,000	6.30% due Mar. 5, 2031		678,106	720,352	1,683,000	2.35% due Oct. 18, 2017	1,685,238	1,705,746
	Province of New Brunswick					Canadian Natural Resources Limited		
1,019,000	2.85% due Jun. 2, 2023		990,272	1,046,141	556,000	2.60% due Dec. 3, 2019	555,010	554,454
605,000	4.80% due Jun. 3, 2041		725,811	753,679		Capital Power LP		
	Province of Newfoundland and Labrador				635,000	4.60% due Dec. 1, 2015	660,692	650,222
58,000	4.50% due Apr. 17, 2037		57,641	68,853		CIBC Capital Trust (callable)		
36,000	6.15% due Apr. 17, 2028		44,967	48,563	295,000	10.25% due Jun. 30, 2108-(2039)	394,884	428,271
	Province of Nova Scotia					CIBC Capital Trust		
291,000	4.70% due Jun. 1, 2041		306,907	360,797	1,500,000	2.20% due May 22, 2015	1,506,825	1,504,807
	Province of Ontario					CU Inc.		
751,000	0.00% due Jun. 2, 2022		583,610	624,681	570,000	6.22% due Mar. 6, 2024	736,229	723,169
669,000	0.00% due Jun. 2, 2029		377,938	418,781	1,071,000	2.87% due May 31, 2023-(2018)	1,073,593	1,092,047

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Balanced Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)				
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)				
	Enbridge Gas Distribution Inc.					Union Gas Ltd. (callable)		
481,000	3.15% due Aug. 22, 2024	479,648	490,310	1,318,000	3.79% due Jul. 10, 2023-(Apr. 10, 2023)		1,346,954	1,413,253
649,000	4.04% due Nov. 23, 2020	685,921	710,360		Union Gas Limited			
	FortisAlberta Inc. (callable)			350,000	4.85% due Apr. 25, 2022		382,154	401,129
160,000	3.30% due Sep. 30, 2024-(Jun. 30, 2024)	159,986	165,975				99,791,939	102,321,024
	General Electric Capital Corporation							
843,000	4.60% due Jan. 26, 2022	939,129	950,133		TOTAL BOND AND DEBENTURE INSTRUMENTS		172,901,911	180,097,060
	Greater Toronto Airports Authority							
539,000	7.05% due Jun. 12, 2030	743,006	759,017		FIXED INCOME FUND – 1.00%			
	Hydro One Inc. (callable)			762,057	CC&L High Yield Bond Fund Series I		8,024,963	7,854,751
129,000	4.17% due Jun. 6, 2044-(Dec. 6, 2043)	128,868	137,976		EXCHANGE-TRADED FUND – 0.1%			
	Hydro One Inc.			45,200	iShares S&P/TSX 60 Index Fund		980,116	970,444
172,000	6.93% due Jun. 1, 2032	247,357	245,115		MONEY MARKET INSTRUMENTS – 1.6%			
1,246,000	7.35% due Jun. 3, 2030	1,815,766	1,801,356	5,350,000	Government of Canada Treasury Bills			
	Province of Ontario Generic Coupon Strip				0.00% to 0.90% due Jan. 15, 2015		5,337,566	5,348,193
950,000	0.00% due Dec. 2, 2028	551,075	607,838	1,250,000	Royal Bank of Canada Bankers' Acceptances			
	Intact Financial Corporation				1.19% due Jan. 19, 2015		1,248,338	1,249,270
1,784,000	4.70% due Aug. 18, 2021	1,933,619	1,990,760	2,650,000	Canadian Imperial Bank of Commerce Bankers' Acceptances			
335,000	5.16% due Jun. 16, 2042	334,695	384,171		1.22% due Jan. 29, 2015		2,647,350	2,647,527
531,000	5.41% due Sep. 3, 2019	549,672	599,911	850,000	Toronto-Dominion Bank, The Bankers' Acceptances			
523,000	6.40% due Nov. 23, 2039	576,587	680,333		0.0% to 1.20% due from Jan. 13, 2015 to Jan. 20, 2015		848,574	849,522
	Loblaw Companies Limited (callable)			3,000,000	National Bank of Canada			
464,000	4.86% due Sep. 12, 2023-(Jun. 12, 2023)	504,532	516,487		1.19% to 1.21% due from Jan. 26, 2015 to Feb. 2, 2015		2,994,826	2,997,176
	Manufacturers Life Insurance Company (callable)						13,076,654	13,091,688
239,000	2.64% due Jan. 15, 2025-(2020)	238,993	240,769		TOTAL INVESTMENT PORTFOLIO		730,968,308	792,915,988
1,557,000	2.93% due Nov. 29, 2023-(2018)	1,577,460	1,593,537					
	NBC Asset Trust (callable)				Currency Spots Contracts – 0.0%			1,384
430,000	7.45% due Jun. 30, 2049-(2020)	529,863	526,056		Currency Forward Contracts – 0.0%			6,831
	RBC Yield Curve Deposit Note, Series 12				Futures Contracts – 0.3%			2,611,466
2,977,000	1.13% due May 26, 2015	2,984,443	3,053,598		OTHER ASSETS, LESS LIABILITIES – 1.2%			10,036,068
	Rogers Communications Inc. (callable)				NET ASSETS – 100.0%			805,571,737
1,903,000	4.00% due Mar. 13, 2024-(Dec. 13, 2023)	1,952,048	1,987,978					
	Rogers Communications Inc.							
738,000	4.00% due Jun. 6, 2022	773,062	782,912					
1,506,000	5.34% due Mar. 22, 2021	1,702,196	1,720,358					
	Royal Bank of Canada							
2,620,000	1.26% due Jan. 30, 2015	2,626,550	2,844,324					
2,483,000	2.77% due Dec. 11, 2018	2,523,191	2,548,870					
3,158,000	2.82% due Jul. 12, 2018	3,162,445	3,249,272					
2,775,000	2.86% due Mar. 4, 2021	2,791,192	2,842,621					
2,159,000	2.89% due Oct. 11, 2018	2,203,876	2,225,083					
713,000	2.35% due Dec. 9, 2019	712,865	716,464					
	Saputo Inc.							
710,000	2.65% due Nov. 26, 2019	710,000	718,419					
	Suncor Energy, Inc. (callable)							
931,000	3.10% due Nov. 26, 2021-(Oct. 26, 2021)	927,863	942,798					
	Suncor Energy, Inc.							
870,000	5.80% due May 22, 2018	982,996	974,649					
	TD Capital Trust IV (callable)							
512,000	10.00% due Jun. 30, 2039-(2039)	737,644	724,596					
	TELLUS Corporation (callable)							
313,000	3.35% due Apr. 1, 2024-(Jan. 2, 2024)	296,014	313,497					
732,000	3.75% due Jan. 17, 2025-(Oct. 17, 2024)	730,353	750,649					
	TELLUS Corporation							
1,513,000	3.20% due Apr. 5, 2021	1,515,019	1,552,198					
697,000	5.05% due Dec. 4, 2019	765,487	780,700					
	Toronto-Dominion Bank, The							
139,000	2.17% due Apr. 2, 2018	139,300	140,070					
2,530,000	2.45% due Apr. 2, 2019	2,529,268	2,566,790					
1,766,000	2.56% due Jun. 24, 2020	1,766,000	1,789,483					
1,598,000	2.62% due Dec. 22, 2021	1,598,000	1,603,323					
1,259,000	3.23% due Jul. 24, 2024	1,268,273	1,294,291					

* This security is not actively traded and considered illiquid.

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

Scotia Balanced Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO INDEX FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(229)	mini MSCI EAFE Index Futures	Mar. 2015	(22,935,342)	(23,356,528)	(421,185)
(42)	S&P 500 Index Futures	Mar. 2015	(24,162,538)	(25,006,904)	(844,367)
(197)	S&P/TSX 60 Index	Mar. 2015	(31,453,808)	(33,553,040)	(2,099,232)
					<u>(3,364,784)</u>

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
15	U.S. Treasury Long Bond Futures – Mar. 2015	2,195,926	2,207,031	11,105
503	Canadian 10 Year Bond Futures – Mar. 2015	68,391,230	69,675,560	1,284,330
				<u>1,295,435</u>

The above bond futures and index futures contracts are financial agreements to purchase/sell the bond and indices at a contracted price on a specific future date. However, the Fund does not intend to purchase/sell the bond and indices on settlement. Rather, it intends to close out each bond futures contracts and index futures contracts before settlement by entering into equal, but offsetting bond futures contracts and index futures contracts.

With respect to the above future contracts, \$5,150,000 of the January 15, 2015 Government of Canada Treasury Bills is held on margin.

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 2, 2015	Czech Koruna	4,200,389	U.S. Dollar	183,527	212,963	(63)
Jan. 2, 2015	European Euro	112,013	U.S. Dollar	135,554	157,310	(46)
Jan. 5, 2015	Norwegian Krone	392,024	U.S. Dollar	52,317	60,714	171
Jan. 5, 2015	Swedish Krona	2,374,769	U.S. Dollar	303,520	352,239	1,322
						<u>1,384</u>

The currency spot contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Mar. 20, 2015	Canadian Dollar	6,522,543	U.S. Dollar	5,598,000	6,515,666	6,877
Mar. 20, 2015	U.S. Dollar	154,000	Canadian Dollar	179,291	178,763	(46)
						<u>6,831</u>

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

Scotia Balanced Opportunities Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to obtain capital growth over the long term, while providing modest income. It invests primarily in a broad range of Canadian equity and fixed income securities. It may also invest in equity and fixed income securities from around the world.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$714,348,282	\$590,732,192
Revaluation of Investments at FVTPL	791,762	989,019
Net assets attributable to holders of redeemable units	\$715,140,044	\$591,721,211

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$95,426,760
Revaluation of Investments at FVTPL	(197,256)
Increase (decrease) in net assets attributable to holders of redeemable units	\$95,229,504

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ 8,052,952	\$ 3,643,647	\$ 3,676,606
1-3 years	2,763,475	3,408,815	6,145,948
3-5 years	35,362,098	36,823,679	28,579,886
5-10 years	92,780,515	70,854,292	67,140,856
> 10 years	41,138,020	30,249,585	34,057,118
Total	\$180,097,060	\$144,980,018	\$139,600,414

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$3,588,862 or approximately 0.4% (December 31, 2013 – \$2,757,479 or approximately 0.4%, January 1, 2013 – \$2,485,925 or approximately 0.4%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Scotia Balanced Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
Australian Dollar	4,734,221	0.6	473,422	0.1
Brazilian Real	4,423,882	0.5	442,388	0.1
British Pound	12,667,608	1.6	1,266,761	0.2
Chile Peso	4,050,412	0.5	405,041	0.1
Czech Koruna	3,662,812	0.5	366,281	0.0
Danish Krone	10,747,554	1.3	1,074,755	0.1
Egyptian Pound	2,233,277	0.3	223,328	0.0
European Euro	23,576,154	2.9	2,357,615	0.3
Hong Kong Dollar	12,833,843	1.6	1,283,384	0.2
Indonesian Rupiah	6,081,951	0.8	608,195	0.1
Israel Shekel	5,070,835	0.6	507,084	0.1
Japanese Yen	14,614,330	1.8	1,461,433	0.2
Malaysian Ringgit	3,405,141	0.4	340,514	0.0
Mexican Peso	1,727,610	0.2	172,761	0.0
New Zealand Dollar	5,772,340	0.7	577,234	0.1
Norwegian Krone	6,550,660	0.8	655,066	0.1
Philippines Peso	2,620,710	0.3	262,071	0.0
Singapore Dollar	365,004	-	36,500	0.0
South African Rand	6,629,046	0.8	662,905	0.1
South Korean Won	9,915,972	1.2	991,597	0.1
Swedish Krona	5,898,366	0.7	589,837	0.1
Swiss Franc	5,617,974	0.7	561,797	0.1
Thai Baht	3,071,304	0.4	307,130	0.0
Turkish Lira	3,346,779	0.4	334,678	0.0
US Dollar	169,477,958	21.0	16,947,796	2.1
Total	329,095,743	40.6	32,909,573	4.2

December 31, 2013				
Currency	Net Currency Exposure	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	144,021,929	20.1	14,402,193	2.0
European Euro	51,166,031	7.2	5,116,603	0.7
Japanese Yen	31,263,321	4.4	3,126,332	0.4
Hong Kong Dollar	13,403,647	1.9	1,340,365	0.2
British Pound	10,281,769	1.4	1,028,177	0.1
Danish Krone	7,769,703	1.1	776,970	0.1
Australian Dollar	5,436,480	0.8	543,648	0.1
Swiss Franc	4,578,649	0.6	457,865	0.1
Swedish Krona	4,419,769	0.6	441,977	0.1
South African Rand	4,343,977	0.6	434,398	0.1
Norwegian Krone	3,195,299	0.4	319,530	0.0
New Zealand Dollar	2,978,364	0.4	297,836	0.0
Brazilian Real	1,859,134	0.3	185,913	0.0
Malaysian Ringgit	1,580,604	0.2	158,060	0.0
Thai Baht	1,264,015	0.2	126,401	0.0
Turkish Lira	855,955	0.1	85,596	0.0
Philippines Peso	743,525	0.1	74,353	0.0
Israel Shekel	678,943	0.1	67,894	0.0
Czech Koruna	611,964	0.1	61,196	0.0
Korean Won	602,897	0.1	60,290	0.0
Egyptian Pound	544,132	0.1	54,413	0.0
Indonesian Rupiah	148,337	0.0	14,834	0.0
Mexican Peso	52,794	0.0	5,279	0.0
Singapore Dollar	19,861	0.0	1,986	0.0
Total	291,821,097	40.8	29,182,109	3.9

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

Scotia Balanced Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	79,632,479	13.5	7,963,248	1.3
European Euro	16,536,092	2.8	1,653,609	0.3
Japanese Yen	16,262,130	2.7	1,626,213	0.3
British Pound	8,656,482	1.5	865,648	0.1
Swedish Krona	4,519,719	0.8	451,972	0.1
Danish Krone	3,647,177	0.6	364,718	0.1
Swiss Franc	1,932,855	0.3	193,286	0.0
Norwegian Krone	861,452	0.1	86,145	0.0
Australian Dollar	687,447	0.1	68,745	0.0
Israel Shekel	81,784	0.0	8,178	0.0
New Zealand Dollar	28,546	0.0	2,855	0.0
Hong Kong Dollar	23,997	0.0	2,400	0.0
South African Rand	10,732	0.0	1,073	0.0
Thai Baht	8,902	0.0	890	0.0
Singapore Dollar	6,578	0.0	658	0.0
Brazilian Real	1,004	0.0	100	0.0
Turkish Lira	180	0.0	18	0.0
Total	132,897,557	22.4	13,289,756	2.2

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 73.4% (December 31, 2013 – 76.7%, January 1, 2013 – 74.3%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$59,090,205 (December 31, 2013 – \$54,691,556, January 1, 2013 – \$43,894,788). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

Bond Rating	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
AAA	4.0	0.9	5.2	1.1	7.1	1.7
AA	56.1	12.6	44.9	9.0	36.6	8.6
A	34.4	7.7	41.6	8.4	47.7	11.3
BBB	5.5	1.2	8.3	1.7	8.6	2.0
Total	100.0	22.4	100.0	20.2	100.0	23.6

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$3,752,136	\$ –	\$1,030,166	\$ –	\$1,177,440
Unrealized loss on currency forward contracts	–	46	–	7,689	–	85,718
Payable for index futures and bond futures contracts	–	–	–	188,622	–	263,503
Unrealized loss on currency spot contracts	–	109	–	–	–	739
Redeemable units	805,571,737	–	715,140,044	–	591,721,211	–
	\$805,571,737	\$3,752,291	\$715,140,044	\$1,226,477	\$591,721,211	\$1,527,400

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

Scotia Balanced Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities	33.1	36.0	50.4
Foreign Equities	40.3	40.7	23.9
Bond and Debenture Instruments	22.4	20.2	23.6
Fixed Income Fund	1.0	0.3	0.6
Exchange-Traded Fund	0.1	–	–
Money Market Instruments	1.6	2.0	0.7
Currency Spot Contracts	0.0	–	0.0
Currency Forward Contracts	0.0	0.0	0.0
Futures Contracts	0.3	0.0	0.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$435,490,790	\$155,411,127	\$ –	\$590,901,917
Warrants	–	128	–	128
Money Market Instruments	–	13,091,688	–	13,091,688
Bond and Debenture Instruments	–	180,097,060	–	180,097,060
Mutual Funds	7,854,751	–	–	7,854,751
Exchange-Traded Fund	970,444	–	–	970,444
Currency Spot Contracts–Assets	1,493	–	–	1,493
Currency Forward Contracts–Assets	–	6,877	–	6,877
Future Contracts–Assets	1,295,435	–	–	1,295,435
	445,612,913	348,606,880	–	794,219,793
Currency Spot Contracts–Liabilities	(109)	–	–	(109)
Currency Forward Contracts–Liabilities	–	(46)	–	(46)
Future Contracts–Liabilities	(3,364,784)	–	–	(3,364,784)
	\$442,248,020	\$348,606,834	\$ –	\$790,854,854

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$401,697,868	\$145,411,959	\$ –	\$547,109,827
Bond and Debenture Instruments	–	144,980,018	–	144,980,018
Warrant	363,066	51	–	363,117
Mutual Fund	2,309,971	–	–	2,309,971
Money Market Instruments	–	14,632,142	–	14,632,142
Currency Forward Contracts–Assets	–	91,099	–	91,099
Futures Contracts–Assets	(336,960)	–	–	(336,960)
	404,033,945	305,115,269	–	709,149,214
Currency Forward Contracts–Liabilities	–	(7,689)	–	(7,689)
Futures Contracts–Liabilities	(1,476,143)	–	–	(1,476,143)
	(1,476,143)	(7,689)	–	(1,483,832)
	\$402,557,802	\$305,107,580	\$ –	\$707,665,382

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

Scotia Balanced Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$386,601,925	\$ 53,071,384	\$ –	\$439,673,309
Warrants	–	33,372	–	33,372
Bond and Debenture Instruments	–	139,600,414	–	139,600,414
Mutual Fund	3,795,363	–	–	3,795,363
Money Market Instruments	–	3,941,851	–	3,941,851
Currency Spot Contracts–Assets	8,082	–	–	8,082
Currency Forward Contracts–Assets	–	4,222	–	4,222
Futures Contracts–Assets	(40,674)	–	–	(40,674)
	390,364,696	196,651,243	–	587,015,939
Currency Spot Contracts–Liabilities	(739)	–	–	(739)
Currency Forward Contracts–Liabilities	–	(85,718)	–	(85,718)
Futures Contracts–Liabilities	(115,152)	–	–	(115,152)
	(115,891)	(85,718)	–	(201,609)
	\$390,248,805	\$196,565,525	\$ –	\$586,814,330

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

	December 31, 2014			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 6,877	\$ (46)	\$ –	\$ 6,831
Swap contracts	–	–	–	–
Total	\$ 6,877	\$ (46)	\$ –	\$ 6,831

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 46	\$ (46)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 46	\$ (46)	\$ –	\$ –

	December 31, 2013			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$91,099	\$(7,689)	\$ –	\$83,410
Swap contracts	–	–	–	–
Total	\$91,099	\$(7,689)	\$ –	\$83,410

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 7,689	\$(7,689)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 7,689	\$(7,689)	\$ –	\$ –

	January 1, 2013			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 4,222	\$(4,222)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 4,222	\$(4,222)	\$ –	\$ –

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$85,718	\$(4,222)	\$ –	\$81,496
Swap contracts	–	–	–	–
Total	\$85,718	\$(4,222)	\$ –	\$81,496

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

Scotia Balanced Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CC&L High Yield Bond Fund Series I	50,042,499	7,854,751	1.0
		\$7,854,751	1.0

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CC&L High Yield Bond Fund Series I	60,964,322	2,309,971	0.3
		\$2,309,971	0.3

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CC&L High Yield Bond Fund Series I	36,257,938	3,795,363	0.6
		\$3,795,363	0.6

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	19.26	19.26	19.66	19.66
Advisor Series	18.78	18.78	19.23	19.23
Series F	19.49	19.49	19.92	19.90

Scotia Global Balanced Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$66,324,397	\$48,704,119	\$23,509,447
Cash	278,429	473,737	342,401
Accrued investment income	281	381	276
Receivable for securities sold	76,875	24,699	3,467
Subscriptions receivable	141,640	141,027	67,141
	<u>66,821,622</u>	<u>49,343,963</u>	<u>23,922,732</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	77,310	285,461	19,564
Redemptions payable	29,141	12,675	9,500
	<u>106,451</u>	<u>298,136</u>	<u>29,064</u>
Net Assets attributable to holders of redeemable units	<u>\$66,715,171</u>	<u>\$49,045,827</u>	<u>\$23,893,668</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$66,715,171</u>	<u>\$49,045,827</u>	<u>\$23,893,668</u>
UNITS OUTSTANDING			
Series A Units	<u>4,689,758</u>	<u>3,747,447</u>	<u>2,085,148</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 14.23</u>	<u>\$ 13.09</u>	<u>\$ 11.46</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$1,106,540	\$ —
Interest for distribution purposes	3,100	734,136
Capital gains distributions received	2,997,360	1,466,647
Net realized gain (loss) on non-derivative financial assets	315,434	63,405
Change in unrealized appreciation (depreciation) of non-derivative financial assets	3,279,432	3,656,631
Net gain (loss) on investments	<u>7,701,866</u>	<u>5,920,819</u>
Other income	1,147	1,548
Total income (loss)	<u>7,703,013</u>	<u>5,922,367</u>
EXPENSES		
Management fees (note 5)	1,212,388	717,984
Administration fees (note 6)	34,710	—
Harmonized Sales Tax/Goods and Services Tax	132,198	83,267
Audit fees	1,287	1,395
Independent Review Committee fees	123	51
Custodian fees	1,016	2,769
Filing fees	9,917	15,020
Legal fees	189	149
Unitholder reporting costs	8,025	9,227
Unitholder administration and service fees	21,682	25,856
Overdraft charges	5	—
Total expenses	<u>1,421,540</u>	<u>855,718</u>
Net expenses	<u>1,421,540</u>	<u>855,718</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$6,281,473</u>	<u>\$5,066,649</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$6,281,473</u>	<u>\$5,066,649</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 1.43</u>	<u>\$ 1.77</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	<u>4,378,820</u>	<u>2,861,379</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	<u>\$49,045,827</u>	<u>\$23,893,668</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	<u>6,281,473</u>	<u>5,066,649</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From realized gain		
Series A Units	<u>(1,520,841)</u>	<u>(806,670)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	<u>21,186,456</u>	<u>25,679,666</u>
Reinvested distributions		
Series A Units	<u>1,512,108</u>	<u>800,526</u>
Payments on redemption		
Series A Units	<u>(9,789,852)</u>	<u>(5,588,012)</u>
	<u>12,908,712</u>	<u>20,892,180</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	<u>17,669,344</u>	<u>25,152,159</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$66,715,171</u>	<u>\$49,045,827</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 6,281,473	\$ 5,066,649
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(315,434)	(63,405)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(3,279,432)	(3,656,631)
Purchases of non-derivative financial assets	(17,058,894)	(21,976,206)
Proceeds from sale of non-derivative financial assets	2,773,156	746,236
Accrued investment income	100	(105)
Net cash provided by (used in) operating activities	<u>(11,599,031)</u>	<u>(19,883,462)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	21,185,843	25,605,780
Amounts paid on redemption of redeemable units	(9,773,386)	(5,584,837)
Distributions to unitholders of redeemable units	(8,734)	(6,145)
Net cash provided by (used in) financing activities	<u>11,403,723</u>	<u>20,014,798</u>
Net increase (decrease) in cash	<u>(195,308)</u>	<u>131,336</u>
Cash (Bank Indebtedness) at beginning of period	<u>473,737</u>	<u>342,401</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 278,429</u>	<u>\$ 473,737</u>
Interest received(1)	3,200	734,031
Dividends received, net of withholding taxes(1)	1,106,540	—

(1) Classified as operating items.

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

Scotia Global Balanced Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
INTERNATIONAL BALANCED FUND – 99.4%			
7,494,282	CI Signature Global Income & Growth Fund Series I	58,270,380	66,324,397
	TOTAL INVESTMENT PORTFOLIO	<u>58,270,380</u>	<u>66,324,397</u>
	OTHER ASSETS, LESS LIABILITIES – 0.6%		390,774
	NET ASSETS – 100.0%		<u>66,715,171</u>

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

Scotia Global Balanced Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) This Fund's investment objective is to generate income and long term capital growth. It invests primarily in a combination of equity and fixed income securities from anywhere in the world. The Fund is not limited to how much it invests in any single country or asset class.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The majority of the Underlying Funds' financial assets and liabilities were non-interest bearing as at December 31, 2014, December 31, 2013 and January 1, 2013. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.4% (December 31, 2013 – 99.3%, January 1, 2013 – 98.4%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$6,632,440 (December 31, 2013 – \$4,870,412, January 1, 2013 – \$2,350,945). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$106,451	\$ –	\$298,136	\$ –	\$29,064
Redeemable units	66,715,171	–	49,045,827	–	23,893,668	–
	\$66,715,171	\$106,451	\$49,045,827	\$298,136	\$23,893,668	\$29,064

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

Scotia Global Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
International Balanced Fund	99.4	99.3	98.4

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$66,324,397	\$ –	\$ –	\$66,324,397

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$48,704,119	\$ –	\$ –	\$48,704,119

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$23,509,447	\$ –	\$ –	\$23,509,447

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI Signature Global Income & Growth Fund Series I	2,128,139,588	\$66,324,397	99.4
		\$66,324,397	99.4

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI Signature Global Income & Growth Fund Series I	1,234,127,235	\$48,704,119	99.3
		\$48,704,119	99.3

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI Signature Global Income & Growth Fund Series I	382,203,301	\$23,509,447	98.4
		\$23,509,447	98.4

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

Scotia Global Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	14.23	14.23	13.09	13.09

Scotia U.S. \$ Balanced Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
	U.S. \$	U.S. \$	U.S. \$
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$106,255,241	\$60,253,469	\$16,632,749
Cash	1,484,481	6,500,038	3,670,221
Accrued investment income	288,393	162,873	57,664
Receivable for securities sold	—	—	326,360
Subscriptions receivable	426,010	184,820	122,414
Margin deposited on futures	221,180	—	—
	<u>108,675,305</u>	<u>67,101,200</u>	<u>20,809,408</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	181,367
Redemptions payable	94,317	227,868	700
	<u>94,317</u>	<u>227,868</u>	<u>182,067</u>
Net Assets attributable to holders of redeemable units	<u>\$108,580,988</u>	<u>\$66,873,332</u>	<u>\$20,627,341</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$108,580,988</u>	<u>\$66,873,332</u>	<u>\$20,627,341</u>
UNITS OUTSTANDING			
Series A Units	<u>9,535,726</u>	<u>6,026,921</u>	<u>2,055,207</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 11.39</u>	<u>\$ 11.10</u>	<u>\$ 10.04</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
	U.S. \$	U.S. \$
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$1,152,612	\$ 439,332
Interest for distribution purposes	842,575	318,872
Net realized gain (loss) on non-derivative financial assets	1,705,259	1,733,858
Net realized gain (loss) on futures contracts	(362,937)	8,394
Net realized gain (loss) on swap contracts	1,235	—
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>1,122,365</u>	<u>3,453,229</u>
Net gain (loss) on investments	<u>4,461,109</u>	<u>5,953,685</u>
Other income	1,014	1,502
Total income (loss)	<u>4,462,123</u>	<u>5,955,187</u>
EXPENSES		
Management fees (note 5)	1,692,103	762,881
Administration fees (note 6)	33,941	—
Harmonized Sales Tax/Goods and Services Tax	198,000	89,493
Audit fees	1,921	1,517
Independent Review Committee fees	187	51
Custodian fees	2,463	3,864
Filing fees	9,953	14,581
Legal fees	263	148
Unitholder reporting costs	5,627	6,759
Unitholder administration and service fees	12,852	12,004
Overdraft charges	275	8
Foreign withholding taxes/tax reclaims	129,488	63,587
Transaction costs	<u>130,132</u>	<u>66,781</u>
Total expenses	<u>2,217,205</u>	<u>1,021,674</u>
Net expenses	<u>2,217,205</u>	<u>1,021,674</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$2,244,918</u>	<u>\$4,933,513</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$2,244,918</u>	<u>\$4,933,513</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 0.28</u>	<u>\$ 1.27</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	<u>8,125,406</u>	<u>3,882,402</u>

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

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

Scotia U.S. \$ Balanced Fund (Continued)

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

For the periods ended December 31,

	2014	2013
	U.S. \$	U.S. \$
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 66,873,332	\$20,627,341
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	2,244,918	4,933,513
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From realized gain		
Series A Units	–	(826,922)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	57,932,085	48,756,016
Reinvested distributions		
Series A Units	–	815,449
Payments on redemption		
Series A Units	(18,469,347)	(7,432,065)
	39,462,738	42,139,400
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	41,707,656	46,245,991
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	\$108,580,988	\$66,873,332

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
	U.S. \$	U.S. \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 2,244,918	\$ 4,933,513
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(1,705,259)	(1,733,858)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(1,122,365)	(3,453,229)
Purchases of non-derivative financial assets	(156,423,056)	(85,689,919)
Proceeds from sale of non-derivative financial assets	113,120,596	47,334,555
Transaction costs	128,312	66,724
Accrued investment income	(125,520)	(105,209)
Change in margin accounts for futures contracts	(221,180)	–
Net cash provided by (used in) operating activities	(44,103,554)	(38,647,423)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	57,690,895	48,693,610
Amounts paid on redemption of redeemable units	(18,602,898)	(7,204,897)
Distributions to unitholders of redeemable units	–	(11,473)
Net cash provided by (used in) financing activities	39,087,997	41,477,240
Net increase (decrease) in cash	(5,015,557)	2,829,817
Cash (Bank Indebtedness) at beginning of period	6,500,038	3,670,221
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	\$ 1,484,481	\$ 6,500,038
Interest received(1)	752,050	242,683
Dividends received, net of withholding taxes(1)	988,129	346,725

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
U.S. \$			
EQUITIES – 59.8%			
Energy – 2.4%			
17,400	ConocoPhillips	1,276,966	1,201,644
30,500	Noble Energy, Inc.	1,682,395	1,446,615
		2,959,361	2,648,259
Materials – 2.0%			
8,400	Air Products and Chemicals, Inc.	1,099,027	1,211,112
9,100	Martin Marietta Materials Inc.	1,146,880	1,003,912
		2,245,907	2,215,024
Industrials – 7.4%			
37,400	Air Lease Corporation	1,181,279	1,283,194
9,900	General Dynamics Corporation	1,173,048	1,362,686
27,600	ITT Corporation	1,178,660	1,116,696
10,900	Kirby Corporation	1,304,620	880,284
11,200	Union Pacific Corporation	1,093,831	1,334,256
19,800	United Rental, Inc.	1,513,695	2,021,184
		7,445,133	7,998,300
Consumer Discretionary – 3.9%			
35,400	Comcast Corporation, Class A	1,905,975	2,053,554
23,100	Walt Disney Company, The	1,831,984	2,175,212
		3,737,959	4,228,766
Consumer Staples – 4.4%			
16,400	Costco Wholesale Corporation	1,950,971	2,324,700
25,200	CVS Caremark Corporation	1,850,941	2,427,012
		3,801,912	4,751,712
Health Care – 10.0%			
8,700	Actavis Inc.	1,912,096	2,241,555
10,600	McKesson Corporation	1,985,472	2,200,825
32,600	Medtronic, Inc.	2,080,109	2,353,718
34,800	Merck & Co., Inc.	2,041,654	1,976,292
16,300	Thermo Fisher Scientific, Inc.	1,948,783	2,042,553
		9,968,114	10,814,943
Financials – 11.6%			
5,900	Affiliated Managers Group, Inc.	1,122,888	1,251,656
14,200	American Express Company	1,175,831	1,320,955
23,600	American International Group, Inc.	1,294,439	1,321,836
13,100	Berkshire Hathaway Inc., Class B	1,804,070	1,966,965
26,000	Citigroup Inc.	1,298,391	1,407,250
11,900	Moody's Corporation	1,118,262	1,140,139
40,300	Morgan Stanley	1,174,280	1,564,245
25,100	Principal Financial Group, Inc.	1,293,984	1,303,694
24,200	Wells Fargo & Company	1,204,366	1,326,644
		11,486,511	12,603,384
Information Technology – 15.1%			
22,000	Agilent Technologies, Inc.	1,242,860	900,680
27,000	Apple Inc.	2,345,197	2,980,258
53,400	Applied Materials, Inc.	1,135,742	1,330,728
49,500	Cisco Systems, Inc.	1,215,971	1,376,843
59,100	Corning Incorporated	1,263,677	1,355,163
2,600	Google Inc. Class A	1,470,008	1,379,716
32,200	Hewlett-Packard Company	1,089,019	1,292,669
31,100	Keysight Technologies Inc.	958,220	1,051,336
40,700	Microsoft Corporation	1,622,079	1,890,515
13,700	SanDisk Corporation	1,333,871	1,342,326
13,600	Western Digital Corporation	1,253,941	1,505,520
		14,930,585	16,405,754

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia U.S. \$ Balanced Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
U.S. \$				U.S. \$			
EQUITIES (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Exchange-traded Funds – 3.0%				Corporate Bonds (cont'd)			
27,300 iShares iBoxx Investment Grade		3,077,267	3,259,893	Pernod Ricard SA			
TOTAL EQUITIES		59,652,749	64,926,035	440,000 4.45% due Jan. 15, 2022		464,222	472,681
BOND AND DEBT INSTRUMENTS – 38.1%				300,000 5.75% due Jan. 15, 2020		345,465	339,906
Federal Bonds – 1.6%				Plains All American Pipeline LP (callable)			
1,775,000 United States Treasury Inflation Indexed Bonds				460,000 3.65% due Jun. 1, 2022 (Mar. 1, 2022)		472,489	465,170
0.13% due Jul. 15, 2024		1,716,682	1,714,881	SABMiller PLC			
Corporate Bonds – 8.5%				1,054,000 3.75% due Jan. 15, 2022		1,101,029	1,104,581
Altria Group, Inc.				Silgan Holdings Inc. (callable)			
150,000 9.70% due Nov. 10, 2018		202,402	191,802	56,000 5.50% due Feb. 1, 2022 (Aug. 1, 2017)		56,000	57,680
134,000 9.25% due Aug. 6, 2019		186,894	172,739	Simon Property Group LP (callable)			
American Tower Corp.				168,000 5.65% due Feb. 1, 2020 (Nov. 1, 2019)		194,129	194,106
200,000 4.50% due Jan. 15, 2018		221,572	212,381	Simon Property Group LP			
American Tower Corporation				100,000 3.38% due Oct. 1, 2024		99,804	102,558
300,000 3.40% due Feb. 15, 2019		311,106	305,744	Spectra Energy Partners LP			
Anheuser-Busch InBev Finance Inc.				300,000 4.75% due Mar. 15, 2024		317,355	323,019
385,000 2.15% due Feb. 1, 2019		385,524	388,234	ThermoFisher Scientific, Inc. (callable)			
B.A.T. International Finance p.l.c.				500,000 3.60% due Aug. 15, 2021 (May 15, 2021)		518,680	519,743
304,000 9.50% due Nov. 15, 2018		407,874	385,720	Ventas Realty LP / Ventas Capital Corp. (callable)			
Boston Properties LP				230,000 2.70% due Apr. 1, 2020 (Jan. 1, 2020)		224,531	227,876
188,000 4.13% due May 15, 2021		195,326	200,925	Verizon Communications Inc.			
Boston Properties, Inc.				325,000 3.45% due Mar. 15, 2021		326,028	333,863
175,000 5.88% due Oct. 15, 2019		204,593	201,937	47,000 5.15% due Sep. 15, 2023		46,848	52,095
Canadian Oil Sands Ltd.						9,384,492	9,256,386
600,000 7.75% due May 15, 2019		735,555	650,415	United States Treasury Notes – 28.0%			
CC Holdings GS V LLC / Crown Castle GS III Corporation				United States Treasury Note			
467,000 3.85% due Apr. 15, 2023		449,669	463,969	3,000,000 3.63% due Feb. 15, 2021		3,329,531	3,303,738
Comcast Corporation				225,000 1.88% due Jun. 30, 2015		234,428	226,972
195,000 6.50% due Jan. 15, 2017		234,849	215,487	925,400 1.75% due May 31, 2016		951,572	942,094
200,000 5.70% due Jul. 1, 2019		233,034	230,353	2,750,000 0.88% due Nov. 30, 2016		2,768,170	2,763,090
400,000 3.60% due Mar. 1, 2024		411,800	420,958	2,005,000 2.50% due Jun. 30, 2017		2,100,575	2,084,568
Equinix, Inc.				5,550,000 0.63% due Sep. 30, 2017		5,490,055	5,485,315
137,000 4.88% due Apr. 1, 2020		140,425	136,958	8,245,400 2.38% due May 31, 2018		8,615,540	8,545,344
Express Scripts Holding Co.				200,000 2.00% due Feb. 15, 2022		195,047	200,669
150,000 3.90% due Feb. 15, 2022		155,447	156,706	1,410,000 1.63% due Nov. 15, 2022		1,366,360	1,363,717
Express Scripts Holding Company				2,995,000 1.75% due May 15, 2023		2,841,814	2,907,651
150,000 2.25% due Jun. 15, 2019		149,639	148,899	650,000 2.75% due Nov. 15, 2023		651,625	682,338
Husky Energy Inc. (callable)				1,800,000 2.50% due Aug. 15, 2023		1,758,992	1,852,443
200,000 3.95% due Apr. 15, 2022 (Jan. 15, 2022)		209,860	210,938			30,303,709	30,357,939
Kimco Realty Corporation				TOTAL BOND AND DEBT INSTRUMENTS		41,404,883	41,329,206
108,000 6.88% due Oct. 1, 2019		129,571	128,412	TOTAL INVESTMENT PORTFOLIO		101,057,632	106,255,241
Kimco Realty Corporation (callable)							
175,000 3.20% due May. 1, 2021 (Mar. 1, 2021)		174,843	177,426	Futures Contracts – 0.2%			221,180
Linn Energy LLC/ Linn Energy Finance Corporation				OTHER ASSETS, LESS LIABILITIES – 1.9%			2,104,567
75,000 6.25% due Nov. 1, 2019		77,929	63,105	NET ASSETS – 100.0%			108,580,988

BOND FUTURES CONTRACTS

Number of Contracts	Contract Issuer	Contractual Value USD (\$)	Fair Value USD (\$)	Appreciation/ (Depreciation) (\$)
(63)	U.S. 10 Year Treasury Note Futures – Mar. 2015	(7,984,265)	(7,988,203)	(3,938)
(20)	U.S. Treasury Long Bond Futures – Mar. 2015	(2,837,514)	(2,891,250)	(53,736)
				(57,674)

The above futures contracts are financial agreements to purchase/sell the bonds at a contracted price on a specific future date. However, the Fund does not intend to purchase the bonds on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of A by Standard & Poor's.

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia U.S. \$ Balanced Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide long term capital growth and current income in U.S. dollars. It invests primarily in a combination of fixed income and equity securities that are denominated in U.S. dollars.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$66,852,506	\$20,622,050
Revaluation of Investments at FVTPL	20,826	5,291
Net assets attributable to holders of redeemable units	\$66,873,332	\$20,627,341

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$4,917,978
Revaluation of Investments at FVTPL	15,535
Increase (decrease) in net assets attributable to holders of redeemable units	\$4,933,513

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ 226,972	\$ 2,708,156	\$ –
1-3 years	11,548,234	2,459,692	4,050,055
3-5 years	11,819,192	4,516,107	1,338,956
5-10 years	17,734,808	12,395,316	2,553,688
> 10 years	–	–	100,381
Total	\$41,329,206	\$22,079,271	\$8,043,080

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$470,292 or approximately 0.4% (December 31, 2013 – \$384,820 or approximately 0.6%, January 1, 2013 – \$97,644 or approximately 0.5%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if

Scotia U.S. \$ Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

applicable. As at December 31, 2014, approximately 59.8% (December 31, 2013 – 57.1%, January 1, 2013 – 41.7%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$6,492,604 (December 31, 2013 – \$3,816,758, January 1, 2013 – \$858,784). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
AAA	77.6	29.5	–	–	60.5	23.6
AA	–	–	86.0	28.4	–	–
A	5.2	2.0	4.3	1.4	8.3	3.2
BBB	16.6	6.3	8.6	2.8	29.5	11.5
BB	0.1	0.1	1.1	0.4	1.7	0.6
B	0.5	0.2	–	–	–	–
Total	100.0	38.1	100.0	33.0	100.0	38.9

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$94,317	\$ –	\$227,868	\$ –	\$182,067
Redeemable units	108,580,988	–	66,873,332	–	20,627,341	–
	\$108,580,988	\$94,317	\$66,873,332	\$227,868	\$20,627,341	\$182,067

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Equities			
Index Units	–	5.4	0.0
Energy	2.4	3.7	3.9
Materials	2.0	2.8	–
Industrials	7.4	9.0	5.3
Consumer Discretionary	3.9	4.2	7.6
Consumer Staples	4.4	2.1	5.4
Health Care	10.0	7.2	2.8
Financials	11.6	9.5	6.0
Information Technology	15.1	13.2	8.5
Telecommunication Services	–	–	2.2
Exchange-traded Funds	3.0	–	–
Bond and Debenture Instruments			
Corporate Bonds	8.5	4.6	15.3
United States Treasury Notes	28.0	28.4	23.6

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

Scotia U.S. \$ Balanced Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$64,926,035	\$ –	\$ –	\$ 64,926,035
Bond and Debenture Instruments	–	41,329,206	–	41,329,206
	64,926,035	41,329,206	–	106,255,241
Futures Contracts (Short)	(57,674)	–	–	(57,674)
	\$64,868,361	\$41,329,206	\$ –	\$106,197,567

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$38,174,194	\$ –	\$ –	\$ 38,174,194
Bond and Debenture Instruments	–	22,079,275	–	22,079,275
	\$38,174,194	\$22,079,275	\$ –	\$ 60,253,469

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 8,589,539	\$ –	\$ –	\$ 8,589,539
Options (Written Put)	(35)	–	–	(35)
Bond and Debenture Instruments	–	8,043,081	–	8,043,081
	8,589,504	8,043,081	–	16,632,585
Options (Put)	164	–	–	164
	\$ 8,589,668	\$ 8,043,081	\$ –	\$ 16,632,749

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	11.39	11.39	11.10	11.10

Scotia Private Canadian Preferred Share Pool

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$426,231,705	\$348,315,329	\$260,971,665
Cash	6,635,825	8,422,940	9,474,609
Accrued investment income	567,493	662,753	617,372
Receivable for securities sold	293,491	—	—
Subscriptions receivable	547,082	194,470	658,943
	<u>434,275,596</u>	<u>357,595,492</u>	<u>271,722,589</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	3,655,750	—	—
Redemptions payable	240,616	96,712	126,345
	<u>3,896,366</u>	<u>96,712</u>	<u>126,345</u>
Net Assets attributable to holders of redeemable units	<u>\$430,379,230</u>	<u>\$357,498,780</u>	<u>\$271,596,244</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	\$ —	\$119,898,357	\$ 65,203,417
Series M Units	<u>\$430,379,230</u>	<u>\$237,600,423</u>	<u>\$206,392,827</u>
UNITS OUTSTANDING			
Series I Units	—	12,832,622	6,449,228
Series M Units	<u>45,463,199</u>	<u>25,186,960</u>	<u>20,212,833</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	\$ —	\$ 9.34	\$ 10.11
Series M Units	<u>\$ 9.47</u>	<u>\$ 9.43</u>	<u>\$ 10.21</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 16,879,443	\$ 15,176,175
Interest for distribution purposes	119,348	106,847
Net realized gain (loss) on non-derivative financial assets	(19,027,272)	(956,023)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>21,138,183</u>	<u>(29,951,315)</u>
Net gain (loss) on investments	<u>19,109,702</u>	<u>(15,624,316)</u>
Securities lending	15,768	8,693
Total income (loss)	<u>19,125,470</u>	<u>(15,615,623)</u>
EXPENSES		
Management fees (note 5)	256,762	182,728
Administration fees (note 6)	45,025	—
Harmonized Sales Tax/Goods and Services Tax	34,235	25,230
Audit fees	8,245	11,470
Independent Review Committee fees	782	604
Custodian fees	4,576	4,993
Filing fees	8,446	19,454
Legal fees	1,180	1,754
Unitholder reporting costs	5,373	6,748
Unitholder administration and service fees	28,507	47,084
Transaction costs	<u>1,073,795</u>	<u>369,156</u>
Total expenses	<u>1,466,926</u>	<u>669,221</u>
Absorbed expenses	(381)	(132)
Net expenses	<u>1,466,545</u>	<u>669,089</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 17,658,925</u>	<u>\$(16,284,712)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	\$ 701,096	\$ (4,186,464)
Series M Units	<u>\$ 16,957,829</u>	<u>\$(12,098,248)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	\$ 0.13	\$ (0.45)
Series M Units	<u>\$ 0.44</u>	<u>\$ (0.46)</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	5,204,286	9,204,659
Series M Units	<u>38,575,859</u>	<u>26,189,856</u>

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

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

Scotia Private Canadian Preferred Share Pool (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series I Units	\$ 119,898,357	\$ 65,203,417
Series M Units	237,600,423	206,392,827
	<u>357,498,780</u>	<u>271,596,244</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	701,096	(4,186,464)
Series M Units	16,957,829	(12,098,248)
	<u>17,658,925</u>	<u>(16,284,712)</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(289,117)	(3,684,074)
Series M Units	(16,489,657)	(10,041,702)
	<u>(16,778,774)</u>	<u>(13,725,776)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	27,473,547	58,881,404
Series M Units	263,178,978	144,462,515
Reinvested distributions		
Series I Units	289,117	3,684,074
Series M Units	14,904,360	9,175,092
Payments on redemption		
Series I Units	(148,073,000)	–
Series M Units	(85,772,703)	(100,290,061)
	<u>72,000,299</u>	<u>115,913,024</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	(119,898,357)	54,694,940
Series M Units	192,778,807	31,207,596
	<u>72,880,450</u>	<u>85,902,536</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	–	119,898,357
Series M Units	430,379,230	237,600,423
	<u>\$ 430,379,230</u>	<u>\$ 357,498,780</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 17,658,925	\$ (16,284,712)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	19,027,272	956,023
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(21,138,183)	29,951,315
Purchases of non-derivative financial assets	(375,604,530)	(179,838,210)
Proceeds from sale of non-derivative financial assets	302,087,529	61,218,052
Transaction costs	1,073,795	369,156
Accrued investment income	95,260	(45,381)
Net cash provided by (used in) operating activities	<u>(56,799,932)</u>	<u>(103,673,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	290,299,913	203,808,392
Amounts paid on redemption of redeemable units	(233,701,799)	(100,319,694)
Distributions to unitholders of redeemable units	(1,585,297)	(866,610)
Net cash provided by (used in) financing activities	<u>55,012,817</u>	<u>102,622,088</u>
Net increase (decrease) in cash	(1,787,115)	(1,051,669)
Cash (Bank Indebtedness) at beginning of period	8,422,940	9,474,609
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 6,635,825</u>	<u>\$ 8,422,940</u>
Interest received(1)	120,656	104,986
Dividends received, net of withholding taxes(1)	16,973,395	15,132,655

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 99.0%			
Energy – 13.8%			
200,000	AltaGas Ltd., 5.00%, Preferred, Series E	5,240,000	5,200,000
134,300	Enbridge Inc. 4% – Pfd Series	3,315,289	3,129,190
200,000	Enbridge Inc. 4.00% Preferred, Series F	5,048,116	4,772,000
110,000	Enbridge Inc. 4.00% Preferred, Series R	2,732,319	2,588,300
75,000	Enbridge Inc., 4.00%, Preferred, Series 3	1,796,250	1,700,250
119,900	Enbridge Inc., 4.00%, Preferred, Series D	3,053,001	2,822,446
50,000	Enbridge Inc., 4.00%, Preferred, Series N	1,247,500	1,205,250
100,000	Enbridge Inc., 4.40%, Preferred, Series 11	2,513,632	2,465,000
70,000	Enbridge Inc., 4.40%, Preferred, Series 7	1,765,400	1,726,900
95,000	Enbridge Inc., 4.40%, Preferred, Series 9	2,381,300	2,355,050
445,000	Husky Energy Inc., 4.45%, Preferred, Series 1	11,553,449	9,656,500
300,000	Husky Energy Inc., 4.50%, Preferred, Series 3	7,500,000	7,560,000
196,400	TransCanada Corporation, 4.0%, Preferred, Series 7	4,899,967	4,964,992
182,000	TransCanada Corporation, 4.00%, Preferred, Series B	4,604,626	3,261,440
145,000	TransCanada Corporation, 4.25%, Preferred, Series 9	3,646,750	3,687,350
115,600	TransCanada Corporation, 4.4%, Preferred, Series 5	2,879,877	2,488,868
		<u>64,177,476</u>	<u>59,583,536</u>
Consumer Discretionary – 1.4%			
135,000	George Weston Ltd., 4.75%, Preferred, Series V	3,414,250	3,248,100
91,800	Shaw Communications, Inc., 4.50%, Preferred, C12 Series A	2,349,004	1,942,488
54,800	Thomson Reuters Corporation, 2.09%, Preferred, Series B	1,208,442	956,260
		<u>6,971,696</u>	<u>6,146,848</u>
Consumer Staples – 1.1%			
100,000	George Weston Ltd., 5.20%, Preferred, Series D	2,574,960	2,501,000
80,000	Loblaws Companies Limited, 5.95%, Preferred, Series A	2,100,000	2,068,000
		<u>4,674,960</u>	<u>4,569,000</u>
Financials – 60.6%			
55,000	Bank of Montreal 5.20% Pref. M Series 16	1,362,680	1,405,250
100,000	Bank of Montreal, 3.80%, Preferred, Series 31 Class B	2,499,000	2,521,000
91,900	Bank of Montreal, 3.90%, Preferred, Series 25	2,274,344	2,295,662
240,000	Bank of Montreal, 3.90%, Preferred, Series 29	6,037,693	6,060,000
150,000	Bank of Montreal, 4.00%, Preferred, Series 27	3,783,250	3,834,000
122,000	Bank of Montreal, 4.5%, Preferred, Series 13	3,156,583	3,146,380
130,000	Bank of Montreal, 5.40%, Preferred, Series 23	3,388,157	3,312,400
70,000	Bank of Montreal, 5.80%, Preferred, Series 15	1,848,000	1,854,300
131,000	Bank of Nova Scotia, The 3.70% Pref. Series 32	3,293,291	3,235,700
85,000	Bank of Nova Scotia, The 3.85%, Preferred, Series 30	2,029,050	2,054,450
90,000	Bank of Nova Scotia, The 4.50% Pref. Series 14	2,312,711	2,344,500
35,000	Bank of Nova Scotia, The, 3.028%, Preferred, Series 19	914,716	901,950
70,000	Bank of Nova Scotia, The, 3.35%, Preferred, Series 18	1,766,300	1,834,700
75,000	Bank of Nova Scotia, The, 3.83%, Preferred, Series 22	1,929,570	1,934,250
90,000	Bank of Nova Scotia, The, 4.50%, Preferred, Series 15	2,315,300	2,349,900
100,000	Bank of Nova Scotia, The, 5.25%, Preferred, Series 16	2,611,750	2,620,000
80,000	Bank of Nova Scotia, The, 5.60%, Preferred, Series 17	2,105,844	2,105,600
50,000	Bank of Nova Scotia, The, 2.69%, Preferred, Series 21	1,267,500	1,280,500
65,000	Bank of Nova Scotia, The, 5.00%, Preferred, Series 20	1,642,200	1,676,350
200,000	BCE Inc., 4.15%, Preferred, Series AK	4,438,540	4,252,000
16,900	Brookfield Renewable Power Inc., 4.40%, Preferred, Series 3	416,071	426,049
250,000	Brookfield Renewable Power Inc., 5.25%, Preferred, Series I	6,012,415	6,232,500
200,000	Canadian Imperial Bank of Commerce, 3.75%, Preferred, Series 41	5,000,000	4,986,000
253,100	Canadian Imperial Bank of Commerce, 3.90%, Preferred, Series 39	6,375,771	6,438,864
53,200	Great-West Lifeco Inc. 5.80%, Preferred, Series M	1,392,236	1,399,160
52,100	Great-West Lifeco Inc., 3.65%, Preferred, Series N	1,279,035	1,104,520
113,000	Great-West Lifeco Inc., 4.50%, Preferred, Series 1	2,584,300	2,698,440
71,500	Great-West Lifeco Inc., 4.80%, Preferred, Series R	1,672,150	1,778,563
105,000	Great-West Lifeco Inc., 4.85%, Preferred, Series H	2,539,026	2,618,700
65,000	Great-West Lifeco Inc., 5.15%, Preferred, Series Q	1,625,800	1,643,200
40,000	Great-West Lifeco Inc., 5.20%, Preferred, Series G	1,003,900	1,013,800
100,000	Great-West Lifeco Inc., 5.25%, Preferred, Series S	2,550,000	2,586,000
90,000	Great-West Lifeco Inc., 5.40%, Preferred, Series P	2,318,550	2,343,600
40,000	Great-West Lifeco Inc., 5.65%, Preferred, Series L	1,027,400	1,043,800
287,000	HSBC Bank of Canada 5%, Preferred, Series D	7,390,861	7,272,580
263,600	HSBC Bank of Canada 5.10%, Preferred, Series C	6,784,931	6,647,992

For equities, all common shares unless otherwise noted.

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

Scotia Private Canadian Preferred Share Pool (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares/ Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Financials (cont'd)				Telecommunication Services – 4.0%			
82,700	Industrial Alliance, 4.30%, Preferred, Series G	2,175,010	2,183,280	89,700	BCE Inc. 4.35% Pref. Series 17	2,162,135	1,946,490
260,000	Industrial Alliance, 4.60%, Preferred, Series A	6,525,480	6,227,000	116,900	BCE Inc. 4.54%, Preferred, Series 16	2,783,984	2,387,098
119,000	Intact Financial Corporation 4.2%, Preferred, Series 3	3,090,770	3,069,010	60,000	BCE Inc. 6.17%, Preferred, Series R	1,311,000	1,294,500
561,300	Intact Financial Corporation, 4.20%, Preferred, Series 1	14,336,600	12,848,157	20,000	BCE Inc., 0.00%, Preferred, Series AB	450,000	425,000
90,000	Laurentian Bank of Canada, 4.30%, Preferred, Series 13	2,248,200	2,286,900	125,000	BCE Inc., 3.00% Preferred, Series AD	2,843,750	2,666,250
55,000	Manulife Financial Corporation, 3.80%, Preferred, Series 13	1,354,400	1,386,000	85,000	BCE Inc., 4.15%, Preferred, Series 19	1,887,750	1,793,500
240,000	Manulife Financial Corporation, 3.80%, Preferred, Series 19	6,000,000	6,004,800	65,000	BCE Inc., 4.25%, Preferred, Series AQ	1,694,038	1,660,100
65,000	Manulife Financial Corporation, 3.90%, Preferred, Series 15	1,582,891	1,657,500	24,000	BCE Inc., 4.55%, Preferred, Series AO	644,750	654,750
90,000	Manulife Financial Corporation, 3.90%, Preferred, Series 17	2,251,250	2,289,600	40,000	BCE Inc., 4.60%, Preferred, Series Y	907,200	847,200
77,000	Manulife Financial Corporation, 4.00%, Preferred, Series 11	1,940,916	1,983,520	90,000	BCE Inc., 4.85%, Preferred, Series AM	2,195,313	2,017,800
100,000	Manulife Financial Corporation, 4.10%, Preferred, Series 1	2,559,000	2,533,000	80,000	BCE Inc., 5.45%, Preferred, Series AA	1,684,000	1,643,200
53,000	Manulife Financial Corporation, 4.20%, Preferred, Series 3	1,184,550	1,188,790			<u>18,563,920</u>	<u>17,335,888</u>
50,000	Manulife Financial Corporation, 4.40%, Preferred, Series 5	1,307,500	1,295,000	Utilities – 12.8%			
40,000	Manulife Financial Corporation, 4.40%, Preferred, Series 9	1,041,600	1,040,400	337,200	Canadian Utilities Limited 4.90%, Preferred, Series AA	8,227,236	8,408,082
100,000	Manulife Financial Corporation, 4.50%, Preferred, Series 3	2,178,243	2,400,000	140,000	Canadian Utilities Limited, 3.80%, Preferred, Series 4	2,856,000	2,758,000
125,000	Manulife Financial Corporation, 4.60%, Preferred, Series 1-7	3,291,612	3,267,500	199,100	Canadian Utilities Limited, 4.00%, Preferred, Series Y	5,159,693	5,204,474
110,700	Manulife Financial Corporation, 4.65%, Preferred, Series B	2,624,386	2,713,257	170,000	Canadian Utilities Limited, 4.50%, Preferred, Series CC	4,263,896	3,853,900
105,000	National Bank of Canada 3.80%, Preferred, Series 28	2,722,250	2,728,950	95,000	Canadian Utilities Limited, 4.50%, Preferred, Series DD	2,065,700	2,143,200
395,300	National Bank of Canada, 3.90%, Preferred, Series 32	9,867,733	9,993,183	100,000	Canadian Utilities Limited, 4.90%, Preferred, Series BB	2,385,000	2,492,000
238,000	National Bank of Canada, 4.10%, Preferred, Series 30	5,950,000	6,130,880	100,000	Emera Inc., 4.10%, Preferred, Series C	2,523,700	2,548,000
75,000	Power Corporation of Canada 5.00%, Preferred, Series D	1,822,500	1,857,750	50,000	Emera Inc., 4.25%, Preferred, Series F	1,265,000	1,297,000
90,000	Power Corporation of Canada, 5.60%, Preferred, Series G	2,331,900	2,381,400	40,000	Emera Inc., 4.50%, Preferred, Series E	898,000	885,000
32,900	Power Financial Corporation, 0%, Preferred, Series A	730,286	641,879	148,000	Fortis Inc. 4.10%, Preferred, Series M	3,712,760	3,790,280
66,000	Power Financial Corporation, 4.20%, Preferred, Series T	1,712,801	1,752,960	50,900	Fortis Inc., 4.9%, Preferred, Series F	1,222,832	1,270,973
90,000	Power Financial Corporation, 4.40%, Preferred, Series P	2,204,846	1,935,000	120,000	Fortis, Inc. 4.75%, Preferred, Series J	2,892,600	2,986,800
95,000	Power Financial Corporation, 4.80%, Preferred, Series S	2,201,000	2,344,600	91,600	Fortis, Inc., 3.88%, Preferred, Series G	2,307,356	2,325,724
80,300	Power Financial Corporation, 4.95%, Preferred, Series K	1,890,470	1,999,069	100,000	Fortis, Inc., 4.00%, Preferred, Series K	2,504,000	2,542,000
65,000	Power Financial Corporation, 5.10%, Preferred, Series L	1,617,850	1,662,050	135,000	TransAlta Corporation, 4.60%, Preferred, Series C	3,023,250	2,578,500
65,000	Power Financial Corporation, 5.25%, Preferred, Series E	1,632,250	1,660,750	175,000	TransAlta Corporation, 5.00%, Preferred, Series E	4,366,000	3,678,500
75,000	Power Financial Corporation, 5.50%, Preferred, Series R	1,914,375	1,975,500	254,700	Westcoast Energy, 5.50%, Preferred, Series H	6,464,906	6,428,628
35,000	Power Financial Corporation, 5.80%, Preferred, Series O	922,250	936,250			<u>56,137,929</u>	<u>55,191,061</u>
66,000	Power Financial Corporation, 6.00%, Preferred, Series 1	1,683,055	1,711,050	Exchange-Traded Funds – 5.3%			
162,500	Royal Bank of Canada, 3.90%, Preferred, Series BB	4,104,900	4,161,625	1,400,000	iShares S&P/TSX Canadian Preferred Share Index Fund	<u>22,871,367</u>	<u>22,680,000</u>
185,000	Royal Bank of Canada, 4.00%, Preferred, Series AZ	4,679,789	4,735,075		TOTAL INVESTMENT PORTFOLIO	<u>433,732,000</u>	<u>426,231,705</u>
85,000	Royal Bank of Canada, 4.45%, Preferred, Series AA	2,169,097	2,170,050		OTHER ASSETS, LESS LIABILITIES – 1.0%		<u>4,147,525</u>
55,000	Royal Bank of Canada, 4.45%, Preferred, Series AF	1,410,560	1,419,550		NET ASSETS – 100.0%		<u>430,379,230</u>
25,000	Royal Bank of Canada, 4.50%, Preferred, Series AD	641,250	643,500				
50,000	Royal Bank of Canada, 4.50%, Preferred, Series AE	1,289,250	1,287,000				
50,000	Royal Bank of Canada, 4.50%, Preferred, Series AG	1,287,000	1,286,000				
20,000	Royal Bank of Canada, 4.70%, Preferred, Series B	510,400	510,600				
85,000	Royal Bank of Canada, 4.90%, Preferred, Series W	2,131,800	2,153,900				
115,000	Royal Bank of Canada, 5.00%, Preferred, Series AJ	2,887,536	2,960,100				
85,000	Royal Bank of Canada, 5.60%, Preferred, Series AL	2,248,237	2,256,750				
150,000	Sun Life Financial Inc. 4.35%, Preferred, Series 8R	3,662,217	3,257,250				
140,000	Sun Life Financial Inc. 4.45%, Preferred, Series 3	3,307,000	3,347,400				
96,000	Sun Life Financial Inc., 4.25%, Preferred, Series 12R	2,503,597	2,514,240				
95,000	Sun Life Financial Inc., 4.45%, Preferred, Series F	2,015,050	2,268,600				
115,000	Sun Life Financial Inc., 4.50%, Preferred, Series 5	2,531,078	2,754,250				
125,300	Sun Life Financial Inc., 4.75%, Preferred, Series A	2,826,363	3,131,247				
105,000	Sun Life Financial Inc., 4.80%, Preferred, Series 2	2,525,600	2,630,250				
120,000	Toronto-Dominion Bank, The, 3.80%, Preferred, Series 3	3,000,000	3,057,600				
30,000	Toronto-Dominion Bank, The, 1.58%, Preferred, Series Z	760,500	768,900				
250,000	Toronto-Dominion Bank, The, 3.75%, Preferred, Series 5	6,250,000	6,245,000				
175,000	Toronto-Dominion Bank, The, 3.90%, Preferred, Series 1	4,426,824	4,464,250				
80,000	Toronto-Dominion Bank, The, 5.25%, Preferred, Series P	2,085,096	2,104,000				
60,000	Toronto-Dominion Bank, The, 5.60%, Preferred, Series Q	1,578,650	1,576,800				
95,000	Toronto-Dominion Bank, The, 5.60%, Preferred, Series R	2,506,850	2,508,950				
46,000	Toronto-Dominion Bank, The, Floating, Preferred, Series T	1,151,109	1,174,840				
		<u>260,334,652</u>	<u>260,725,372</u>				

For equities, all common shares unless otherwise noted.

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

Scotia Private Canadian Preferred Share Pool

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide regular income and the potential for modest long term capital growth. It invests primarily in a diversified portfolio of preferred shares of Canadian corporations.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$356,551,483	\$271,080,144
Revaluation of Investments at FVTPL	947,297	516,100
Net assets attributable to holders of redeemable units	\$357,498,780	\$271,596,244

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$(16,715,909)
Revaluation of Investments at FVTPL	431,197
Increase (decrease) in net assets attributable to holders of redeemable units	\$(16,284,712)

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.0% (December 31, 2013 – 97.4%, January 1, 2013 – 96.1%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$42,623,171 (December 31, 2013 – \$34,736,803, January 1, 2013 – \$26,045,557). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Scotia Private Canadian Preferred Share Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Preferred Shares Securities (%)	Percentage of Net Assets (%)	Percentage of Total Preferred Shares Securities (%)	Percentage of Net Assets (%)	Percentage of Total Preferred Shares Securities (%)	Percentage of Net Assets (%)
AAA	8.6	8.1	8.6	8.4	38.0	36.6
AA	91.4	85.7	91.4	89.0	62.0	59.5
Total	100.0	93.8	100.0	97.4	100.0	96.1

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$3,896,366	\$ –	\$96,712	\$ –	\$126,345
Redeemable units	430,379,230	–	357,498,780	–	271,596,244	–
	\$430,379,230	\$3,896,366	\$357,498,780	\$96,712	\$271,596,244	\$126,345

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Energy	13.8	12.5	14.9
Consumer Discretionary	1.4	5.8	6.2
Consumer Staples	1.1	0.7	–
Financials	60.6	59.3	55.2
Telecommunication Services	4.0	6.7	4.8
Utilities	12.8	12.4	15.0
Exchange-Traded Funds	5.3	–	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$426,231,705	\$ –	\$ –	\$426,231,705

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$348,315,329	\$ –	\$ –	\$348,315,329

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$260,971,665	\$ –	\$ –	\$260,971,665

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia Private Canadian Preferred Share Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series I	—	—	9.34	9.34
Series M	9.47	9.47	9.43	9.43

Scotia Canadian Dividend Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$6,759,835,466	\$5,569,738,797	\$4,192,859,658
Unrealized gain on currency forward contracts	3,233,247	115,316	—
Cash*	581,554,753	444,524,593	372,065,490
Accrued investment income	14,654,113	13,677,883	13,855,704
Receivable for securities sold	1,464,489	1,512,423	617,801
Subscriptions receivable	5,461,977	5,219,518	4,798,405
	<u>7,366,204,045</u>	<u>6,034,788,530</u>	<u>4,584,197,058</u>
LIABILITIES			
Current liabilities			
Distributions payable	1,289	1,449	1,472
Redemptions payable	3,498,474	3,144,981	3,351,011
Unrealized loss on currency forward contracts	15,686,140	4,258,560	4,913,915
	<u>19,185,903</u>	<u>7,404,990</u>	<u>8,266,398</u>
Net Assets attributable to holders of redeemable units	<u>\$7,347,018,142</u>	<u>\$6,027,383,540</u>	<u>\$4,575,930,660</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$3,769,810,801	\$3,293,407,434	\$2,798,451,977
Advisor Series Units	\$ 44,045,972	\$ 39,723,558	\$ 34,738,998
Series F Units	\$ 15,992,729	\$ 10,886,045	\$ 10,003,580
Series I Units	\$2,347,292,244	\$1,869,375,933	\$1,260,144,102
Series M Units	\$1,169,876,396	\$ 813,990,570	\$ 472,592,003
UNITS OUTSTANDING			
Series A Units	71,796,647	70,608,111	70,105,814
Advisor Series Units	843,662	856,534	875,361
Series F Units	305,851	234,359	251,706
Series I Units	44,820,714	40,193,453	31,668,083
Series M Units	22,865,882	17,913,683	12,155,549
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 52.51	\$ 46.64	\$ 39.92
Advisor Series Units	\$ 52.21	\$ 46.38	\$ 39.69
Series F Units	\$ 52.29	\$ 46.45	\$ 39.74
Series I Units	\$ 52.37	\$ 46.51	\$ 39.79
Series M Units	\$ 51.16	\$ 45.44	\$ 38.88

* \$0 (Dec. 31, 2013 – \$0, Jan. 1, 2013 – \$4,757,140) held by brokers as collaterals for written options.

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 181,271,323	\$154,430,980
Interest for distribution purposes	11,685,101	6,921,448
Capital gains distributions received	1,314,787	2,010,071
Net realized gain (loss) on non-derivative financial assets	288,846,365	223,577,056
Net realized gain (loss) on currency forwards	(53,554,842)	(47,593,299)
Net gain (loss) foreign exchange	(452,391)	2,029,965
Change in unrealized appreciation (depreciation) of non-derivative financial assets	603,419,951	641,891,014
Change in unrealized appreciation (depreciation) of currency forwards	(8,309,649)	770,671
Net gain (loss) on investments	<u>1,024,220,645</u>	<u>984,037,906</u>
Securities lending	430,503	79,966
Other income	35,799	33,086
Total income (loss)	<u>1,024,686,947</u>	<u>984,150,958</u>
EXPENSES		
Management fees (note 5)	55,293,523	46,530,697
Administration fees (note 6)	1,050,777	—
Harmonized Sales Tax/Goods and Services Tax	6,176,300	5,263,589
Audit fees	144,744	177,815
Independent Review Committee fees	13,705	8,803
Custodian fees	55,491	64,687
Filing fees	82,410	133,681
Legal fees	20,855	25,013
Unitholder reporting costs	176,041	190,327
Unitholder administration and service fees	1,125,628	1,724,050
Overdraft charges	489	1,028
Foreign withholding taxes/tax reclaims	5,324,581	4,539,527
Transaction costs	1,793,395	3,103,972
Total expenses	<u>71,257,939</u>	<u>61,763,189</u>
Absorbed expenses	—	(484)
Net expenses	<u>71,257,939</u>	<u>61,762,705</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 953,429,008</u>	<u>\$922,388,253</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 479,619,016	\$504,995,663
Advisor Series Units	\$ 5,640,929	\$ 6,048,065
Series F Units	\$ 1,869,896	\$ 1,754,841
Series I Units	\$ 319,679,969	\$291,568,099
Series M Units	\$ 146,619,198	\$118,021,585
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 6.71	\$ 7.17
Advisor Series Units	\$ 6.59	\$ 6.98
Series F Units	\$ 7.10	\$ 7.57
Series I Units	\$ 7.48	\$ 8.02
Series M Units	\$ 7.32	\$ 7.87
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	71,428,402	70,409,094
Advisor Series Units	856,497	866,484
Series F Units	263,247	231,722
Series I Units	42,724,750	36,358,137
Series M Units	20,023,656	14,996,622

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

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

Scotia Canadian Dividend Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — BEGINNING OF PERIOD		
Series A Units	\$3,293,407,434	\$2,798,451,977
Advisor Series Units	39,723,558	34,738,998
Series F Units	10,886,045	10,003,580
Series I Units	1,869,375,933	1,260,144,102
Series M Units	813,990,570	472,592,003
	<u>6,027,383,540</u>	<u>4,575,930,660</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	479,619,016	504,995,663
Advisor Series Units	5,640,929	6,048,065
Series F Units	1,869,896	1,754,841
Series I Units	319,679,969	291,568,099
Series M Units	146,619,198	118,021,585
	<u>953,429,008</u>	<u>922,388,253</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(35,249,174)	(31,721,236)
Advisor Series Units	(304,990)	(281,760)
Series F Units	(238,917)	(180,179)
Series I Units	(57,597,210)	(43,839,974)
Series M Units	(25,785,955)	(17,107,712)
From realized gain		
Series A Units	(25,465,187)	—
Advisor Series Units	(297,125)	—
Series F Units	(105,585)	—
Series I Units	(15,790,740)	—
Series M Units	(7,842,054)	—
	<u>(168,676,937)</u>	<u>(93,130,861)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	485,834,663	422,662,548
Advisor Series Units	8,306,490	4,307,237
Series F Units	5,247,420	2,146,469
Series I Units	352,066,137	400,871,441
Series M Units	434,615,418	374,417,821
Reinvested distributions		
Series A Units	59,736,813	31,187,599
Advisor Series Units	540,382	253,410
Series F Units	299,155	156,790
Series I Units	73,387,951	43,700,010
Series M Units	29,248,467	13,836,711
Payments on redemption		
Series A Units	(488,072,764)	(432,169,117)
Advisor Series Units	(9,563,272)	(5,342,393)
Series F Units	(1,965,285)	(2,995,457)
Series I Units	(193,829,796)	(83,067,745)
Series M Units	(220,969,248)	(147,769,838)
	<u>534,882,531</u>	<u>622,195,486</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	476,403,367	494,955,457
Advisor Series Units	4,322,414	4,984,559
Series F Units	5,106,684	882,464
Series I Units	477,916,311	610,080,314
Series M Units	355,885,826	341,398,567
	<u>1,319,634,602</u>	<u>1,452,301,361</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — END OF PERIOD		
Series A Units	3,769,810,801	3,293,407,434
Advisor Series Units	44,045,972	39,723,558
Series F Units	15,992,729	10,886,045
Series I Units	2,347,292,244	1,869,375,933
Series M Units	1,169,876,396	813,990,570
	<u>\$7,347,018,142</u>	<u>\$6,027,383,540</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 953,429,008	\$ 922,388,253
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(288,846,365)	(223,577,056)
Net realized (gain) loss foreign exchange on cash	452,391	(2,029,965)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(603,419,951)	(641,891,014)
Change in unrealized (appreciation) depreciation of forward currency contracts	8,309,649	(770,671)
Purchases of non-derivative financial assets	(1,478,701,124)	(2,118,646,537)
Proceeds from sale of non-derivative financial assets	1,179,125,310	1,603,236,876
Transaction costs	1,793,395	3,103,972
Accrued investment income	(976,230)	177,821
Net cash provided by (used in) operating activities	<u>(228,833,917)</u>	<u>(458,008,321)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1,285,827,669	1,203,984,403
Amounts paid on redemption of redeemable units	(914,046,872)	(671,550,580)
Distributions to unitholders of redeemable units	(5,464,330)	(3,996,363)
Net cash provided by (used in) financing activities	<u>366,316,468</u>	<u>528,437,459</u>
Net realized (gain) loss foreign exchange on cash	(452,391)	2,029,965
Net increase (decrease) in cash	137,482,551	70,429,138
Cash (Bank Indebtedness) at beginning of period	444,524,593	372,065,490
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 581,554,753</u>	<u>\$ 444,524,593</u>
Interest received(1)	11,508,179	6,894,734
Dividends received, net of withholding taxes(1)	175,147,434	149,524,095

(1) Classified as operating items.

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

As at December 31, 2014

CURRENCY FORWARD CONTRACTS

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A by Standard & Poor's.

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Scotia Canadian Dividend Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to earn a high level of dividend income with some potential for long-term capital growth. It invests primarily in dividend-paying common shares and in a broad range of preferred shares, such as floating rate, convertible and retractable preferred shares of Canadian companies.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$6,023,499,587	\$4,568,525,388
Revaluation of Investments at FVTPL	3,883,953	7,405,272
Net assets attributable to holders of redeemable units	\$6,027,383,540	\$4,575,930,660

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$925,909,574
Revaluation of Investments at FVTPL	(3,521,321)
Increase (decrease) in net assets attributable to holders of redeemable units	\$922,388,253

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	901,754,762	12.3	90,175,476	1.2

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	1,211,074,218	20.1	121,107,422	2.0

Scotia Canadian Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	January 1, 2013	
			Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	587,753,338	12.8	58,775,334	1.3

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 92.0% (December 31, 2013 – 92.4%, January 1, 2013 – 91.6%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$675,983,547 (December 31, 2013 – \$556,585,484, January 1, 2013 – \$418,545,439). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ 3,499,763	\$ –	\$ 3,146,430	\$ –	\$ 3,352,483
Unrealized loss on currency forward contracts	–	15,686,140	–	4,258,560	–	4,913,915
Redeemable units	7,347,018,142	–	6,027,383,540	–	4,575,930,660	–
	\$7,347,018,142	\$19,185,903	\$6,027,383,540	\$7,404,990	\$4,575,930,660	\$8,266,398

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

Scotia Canadian Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	17.6	19.8	23.7
Materials	3.2	2.2	2.0
Industrials	2.9	3.1	2.9
Consumer Discretionary	1.7	1.8	1.7
Consumer Staples	5.7	4.0	1.4
Financials	28.4	26.6	24.5
Telecommunication	6.1	6.9	5.8
Utilities	2.9	1.4	1.7
United States Equities			
Energy	–	–	0.9
Materials	–	2.1	–
Industrials	3.1	4.5	–
Consumer Discretionary	7.4	6.5	9.5
Consumer Staples	–	–	1.5
Health Care	1.5	1.5	1.5
Financials	2.9	3.9	2.9
Information Technology	4.0	2.1	2.7
Telecommunication	2.4	1.9	1.8
Utilities	2.2	4.1	7.1
Currency Forward Contracts	(0.2)	(0.1)	(0.1)

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$6,759,835,466	\$ –	\$ –	\$6,759,835,466
Currency Forward Contracts–Assets	–	3,233,247	–	3,233,247
	6,759,835,466	3,233,247	–	6,763,068,713
Currency Forward Contracts–Liabilities		(15,686,140)		(15,686,140)
	\$6,759,835,466	\$(12,452,893)	\$ –	\$6,747,382,573

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$5,569,738,797	\$ –	\$ –	\$5,569,738,797
Currency Forward Contracts–Assets	–	115,316	–	115,316
	5,569,738,797	115,316	–	5,569,854,113
Currency Forward Contracts–Liabilities	–	(4,258,560)	–	(4,258,560)
	\$5,569,738,797	\$(4,143,244)	\$ –	\$5,565,595,553

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$4,193,124,398	\$ –	\$ –	\$4,193,124,398
Options (Written Put)	(264,740)	–	–	(264,740)
	4,192,859,658	–	–	4,192,859,658
Currency Forward Contracts–Liabilities	–	(4,913,915)	–	(4,913,915)
	\$4,192,859,658	\$(4,913,915)	\$ 0	\$4,187,945,743

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia Canadian Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 3,233,247	\$(1,923,589)	\$ –	\$ 1,309,658
Swap contracts	–	–	–	–
Total	\$ 3,233,247	\$(1,923,589)	\$ –	\$ 1,309,658

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$15,686,140	\$(1,923,589)	\$ –	\$13,762,551
Swap contracts	–	–	–	–
Total	\$15,686,140	\$(1,923,589)	\$ –	\$13,762,551

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 115,316	\$ –	\$ –	\$ 115,316
Swap contracts	–	–	–	–
Total	\$ 115,316	\$ –	\$ –	\$ 115,316

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 4,258,560	\$ –	\$ –	\$ 4,258,560
Swap contracts	–	–	–	–
Total	\$ 4,258,560	\$ –	\$ –	\$ 4,258,560

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 4,913,915	\$ –	\$ –	\$ 4,913,915
Swap contracts	–	–	–	–
Total	\$ 4,913,915	\$ –	\$ –	\$ 4,913,915

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia Canadian Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	52.51	52.51	46.64	46.64
Advisor Series	52.21	52.21	46.38	46.38
Series F	52.29	52.29	46.45	46.45
Series I	52.37	52.37	46.51	46.51
Series M	51.16	51.16	45.44	45.44

Scotia Canadian Blue Chip Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$249,014,049	\$245,814,959	\$241,830,742
Commodities	—	—	4,021,343
Unrealized gain on currency forward contracts	—	10,616	—
Unrealized gain on swap contracts	—	1,278,863	—
Cash	4,971,954	9,120,406	1,373,368
Accrued investment income	283,882	353,687	576,218
Receivable for securities sold	—	—	451,799
Subscriptions receivable	69,542	33,132	27,882
Margin deposited on futures	1,736,659	346,043	3,081,684
	<u>256,076,086</u>	<u>256,957,706</u>	<u>251,363,036</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	6,683	642,694
Distributions payable	871	2,763	5
Redemptions payable	87,091	148,161	104,904
Unrealized loss on swap contracts	18,088	—	—
Unrealized loss on currency forward contracts	509,424	320,596	91,043
	<u>615,474</u>	<u>478,203</u>	<u>838,646</u>
Net Assets attributable to holders of redeemable units	<u>\$255,460,612</u>	<u>\$256,479,503</u>	<u>\$250,524,390</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$255,168,800	\$256,342,591	\$242,350,867
Series F Units	\$ 27,472	\$ 3,724	\$ 3,053
Series I Units	\$ 264,340	\$ 133,188	\$ 8,170,470
UNITS OUTSTANDING			
Series A Units	8,881,927	9,263,908	10,338,088
Series F Units	923	130	129
Series I Units	7,743	4,046	300,588
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 28.73	\$ 27.67	\$ 23.44
Series F Units	\$ 29.76	\$ 28.65	\$ 23.72
Series I Units	\$ 34.14	\$ 32.92	\$ 27.18

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 5,196,888	\$ 5,562,738
Interest for distribution purposes	18,122	152,380
Capital gains distributions received	(13,176)	156,429
Net realized gain (loss) on non-derivative financial assets	25,105,899	8,683,108
Net realized gain (loss) on futures contracts	(2,350,708)	(5,025,772)
Net realized gain (loss) on currency forwards	(1,437,096)	(2,227,863)
Net realized gain (loss) on swap contracts	2,524,199	4,101,020
Net gain (loss) foreign exchange	64,126	(20,947)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	2,435,003	37,650,185
Change in unrealized appreciation (depreciation) of currency forwards	(199,444)	(218,937)
Change in unrealized appreciation (depreciation) of swap contracts	(1,296,951)	1,278,863
Net gain (loss) on investments	<u>30,046,862</u>	<u>50,091,204</u>
Securities lending	4,885	11,163
Net realized (gain) loss foreign exchange on cash	357,506	341,509
Other income	3,650	3,697
Total income (loss)	<u>30,412,903</u>	<u>50,447,573</u>
EXPENSES		
Management fees (note 5)	4,749,932	4,457,975
Administration fees (note 6)	102,051	—
Harmonized Sales Tax/Goods and Services Tax	549,740	523,075
Audit fees	5,594	9,837
Independent Review Committee fees	534	448
Custodian fees	4,788	10,586
Filing fees	15,323	24,675
Legal fees	830	1,252
Unitholder reporting costs	24,555	30,923
Unitholder administration and service fees	114,786	200,628
Overdraft charges	57	1,106
Foreign withholding taxes/tax reclaims	140,879	127,684
Transaction costs	224,267	321,213
Total expenses	<u>5,933,336</u>	<u>5,709,402</u>
Absorbed expenses	(4,276)	(3,047)
Net expenses	<u>5,929,060</u>	<u>5,706,355</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$24,483,843</u>	<u>\$44,741,218</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$24,454,563	\$44,164,265
Series F Units	\$ 3,673	\$ 952
Series I Units	\$ 25,607	\$ 576,001
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 2.77	\$ 4.56
Series F Units	\$ 4.13	\$ 2.58
Series I Units	\$ 3.97	\$ 3.03
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	8,817,554	9,686,607
Series F Units	889	368
Series I Units	6,452	189,819

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

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

Scotia Canadian Blue Chip Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$256,342,591	\$242,350,867
Series F Units	3,724	3,053
Series I Units	133,188	8,170,470
	<u>256,479,503</u>	<u>250,524,390</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	24,454,563	44,164,265
Series F Units	3,673	952
Series I Units	25,607	576,001
	<u>24,483,843</u>	<u>44,741,218</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(1,164,443)	(3,871,040)
Series F Units	(327)	(25)
Series I Units	(6,617)	(1,153)
From realized gain		
Series A Units	(13,119,882)	–
Series F Units	(1,406)	–
Series I Units	(13,387)	–
	<u>(14,306,062)</u>	<u>(3,872,218)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	9,158,477	7,998,935
Series F Units	28,777	138,000
Series I Units	220,496	81,681
Reinvested distributions		
Series A Units	14,208,610	3,853,177
Series F Units	1,733	25
Series I Units	20,004	1,153
Payments on redemption		
Series A Units	(34,711,116)	(38,153,613)
Series F Units	(8,702)	(138,281)
Series I Units	(114,951)	(8,694,964)
	<u>(11,196,672)</u>	<u>(34,913,887)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(1,173,791)	13,991,724
Series F Units	23,748	671
Series I Units	131,152	(8,037,282)
	<u>(1,018,891)</u>	<u>5,955,113</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	255,168,800	256,342,591
Series F Units	27,472	3,724
Series I Units	264,340	133,188
	<u>\$255,460,612</u>	<u>\$256,479,503</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 24,483,843	\$ 44,741,218
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(25,105,899)	(8,683,108)
Net unrealized (gain) loss foreign exchange on cash	(334,595)	(328,374)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(2,435,003)	(37,650,185)
Change in unrealized (appreciation) depreciation of forward currency contracts	199,444	218,937
Change in unrealized (appreciation) depreciation of swap contracts	1,296,951	(1,278,863)
Purchases of non-derivative financial assets	(103,107,383)	(116,095,726)
Proceeds from sale of non-derivative financial assets	127,220,507	161,968,248
Transaction costs	222,005	313,685
Accrued investment income	69,805	222,531
Change in margin accounts for futures contracts	(1,390,616)	2,735,641
Net cash provided by (used in) operating activities	21,119,059	46,164,004
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	9,371,340	8,213,366
Amounts paid on redemption of redeemable units	(34,895,839)	(46,943,601)
Distributions to unitholders of redeemable units	(77,607)	(15,105)
Net cash provided by (used in) financing activities	(25,602,106)	(38,745,340)
Net unrealized (gain) loss foreign exchange on cash	334,595	328,374
Net increase (decrease) in cash	(4,483,047)	7,418,664
Cash (Bank indebtedness) at beginning of period	9,120,406	1,373,368
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 4,971,954</u>	<u>\$ 9,120,406</u>
Interest received(1)	17,532	151,996
Dividends received, net of withholding taxes(1)	5,126,404	5,657,969

(1) Classified as operating items.

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

Scotia Canadian Blue Chip Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 97.5%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 70.0%				CANADIAN EQUITIES (cont'd)			
Energy – 12.4%				Telecommunication Services – 2.2%			
1,035,800	Canadian Energy Services & Technology Corporation	5,901,348	6,577,330	62,000	Rogers Communications, Inc., Class B	2,684,761	2,800,540
231,700	Canadian Oil Sands Ltd.	2,528,651	2,414,314	66,600	TELUS Corporation	1,993,538	2,789,874
170,000	Cenovus Energy Inc.	5,518,496	4,074,900			4,678,299	5,590,414
66,300	Crescent Point Energy Corp.	2,496,930	1,784,133		TOTAL CANADIAN EQUITIES	130,581,491	178,921,270
69,600	Paramount Resources Ltd.	3,979,003	1,957,152		FOREIGN EQUITIES – 27.5%		
59,200	Suncor Energy, Inc.	2,747,882	2,184,480		United States – 27.5%		
222,450	TransCanada Corporation	7,843,544	12,701,895		Industrials – 4.3%		
		31,015,854	31,694,204	65,000	Alliegon Public Limited Company	3,978,808	4,183,475
				69,900	Danaher Corporation	3,892,223	6,952,685
Materials – 3.2%						7,871,031	11,136,160
30,100	Franco-Nevada Corporation	1,920,569	1,722,021		Consumer Discretionary – 4.8%		
99,000	West Fraser Timber Co., Ltd.	4,139,098	6,580,530	29,971	Restaurant Brands International Inc.	1,290,158	1,357,860
		6,059,667	8,302,551	57,100	Starwood Hotels & Resorts Worldwide, Inc.	3,045,031	5,372,052
Industrials – 7.4%				50,200	Walt Disney Company, The	2,541,892	5,485,764
472,700	Air Canada	3,694,310	5,610,949			6,877,081	12,215,676
166,840	Canadian National Railway Company	3,301,111	13,350,537		Consumer Staples – 2.0%		
		6,995,421	18,961,486	30,600	Costco Wholesale Corporation	2,768,620	5,033,712
Consumer Discretionary – 8.5%					Health Care – 2.4%		
115,922	Dollarama Inc.	3,615,393	6,885,767	32,200	Cooper Companies, Inc., The	5,194,592	6,056,978
34,000	Gildan Activewear Inc.	2,004,780	2,233,800		Financials – 5.9%		
51,600	Magna International Inc.	4,922,110	6,495,924	123,600	American International Group, Inc.	6,519,466	8,033,928
129	Restaurant Brands International Limited Partnership	5,321	5,655	110,500	Citigroup Inc.	4,380,930	6,940,713
300,000	Whistler Blackcomb Holdings Inc.	4,162,104	6,156,000			10,900,396	14,974,641
		14,709,708	21,777,146		Information Technology – 8.1%		
Consumer Staples – 3.2%				14,900	Google Inc. Class C	5,023,630	9,102,193
129,500	Loblaws Companies Limited	6,224,124	8,051,015	214,700	Microsoft Corporation	5,939,567	11,573,419
Health Care – 6.5%						10,963,197	20,675,612
99,500	Valeant Pharmaceuticals International, Inc.	12,275,778	16,549,835		TOTAL UNITED STATES EQUITIES	44,574,917	70,092,779
Financials – 24.9%					TOTAL INVESTMENT PORTFOLIO	175,156,408	249,014,049
230,700	Bank of Nova Scotia, The	12,271,132	15,297,718		Currency Forward Contracts – (0.2%)		(509,424)
574,000	Element Financial Corp.	7,664,009	8,116,360		Futures Contracts – 0.7%		1,736,659
377,000	Manulife Financial Corporation	7,955,037	8,361,860		Swap Contracts – (0.0%)		(18,088)
51,900	Manulife Financial Corporation Subscription Receipts	1,115,850	1,149,066		OTHER ASSETS, LESS LIABILITIES – 2.0%		5,237,416
187,400	Royal Bank of Canada	8,056,912	15,036,976		NET ASSETS – 100.0%		255,460,612
281,096	Toronto-Dominion Bank, The	7,397,745	15,603,639				
		44,460,685	63,565,619				
Information Technology – 1.7%							
100,000	CGI Group Inc., Class A	4,161,955	4,429,000				

INDEX FUTURES CONTRACTS

Note: As at December 31, 2014, the Scotia Canadian Blue Chip Fund held 100 futures contracts to purchase/sell the S&P 500 Composite Stock Index E-Mini and held 80 futures contracts to purchase/sell the S&P/TSX 60 Index for settlement in March 2015.

These futures contracts are financial agreements to purchase/sell the S&P 500 Composite Stock Index and S&P/TSX 60 Index at a contracted price on a specific future date. However, the Fund does not intend to purchase/sell the S&P 500 Composite Stock Index and S&P/TSX 60 Index on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

Number of Futures Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(100)	S&P 500 Composite Stock Index E-Mini Futures Contracts – Mar. 2015	(11,547,745)	(11,908,050)	(360,305)
(80)	S&P/TSX 60 Index Futures Contracts – Mar. 2015	(12,746,720)	(13,625,600)	(878,880)
				(1,239,185)

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Canadian Blue Chip Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	10,588,336	U.S. Dollar	9,363,000	10,875,954	(287,618)
Jan. 15, 2015	Canadian Dollar	8,649,246	U.S. Dollar	7,637,000	8,871,052	(221,806)
						<u>(509,424)</u>

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

EQUITY SWAP CONTRACTS

Number of Units	Termination Date	Notional Amount (\$)	Variable Rate %	Appreciation/ (Depreciation) (\$)
Blackstone Group, Variable 1 month USD – LIBOR, Counterparty: Toronto-Dominion Bank, The 123,300	Dec. 07, 2015	4,185,332	0.61%	<u>(18,088)</u>

The swap contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of AA- by Standard & Poor's.

Scotia Canadian Blue Chip Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of high quality equity securities of large Canadian companies.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$256,273,352	\$250,029,861
Revaluation of Investments at FVTPL	206,151	494,529
Net assets attributable to holders of redeemable units	\$256,479,503	\$250,524,390

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$45,029,596
Revaluation of Investments at FVTPL	(288,378)
Increase (decrease) in net assets attributable to holders of redeemable units	\$44,741,218

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in swap contracts, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$22,893 or approximately 0.0% (December 31, 2013 – \$47,220 or 0.0%, January 1, 2013 – nil). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
British Pound	13	–	1	–
US Dollar	53,785,686	21.1	5,378,569	2.1
Total	53,785,699	21.1	5,378,570	2.1

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	64,005,442	25.0	6,400,544	2.5
British Pound	(11,025)	–	(1,102)	–
Total	63,994,417	25.0	6,399,442	2.5

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

Scotia Canadian Blue Chip Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Currency	January 1, 2013			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	63,250,877	25.2	6,325,088	2.5

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 97.5% (December 31, 2013 – 100.1%, January 1, 2013 – 98.1%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$24,901,405 (December 31, 2013 – \$25,665,511, January 1, 2013 – \$24,535,756). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ 87,962	\$ –	\$157,607	\$ –	\$747,603
Unrealized loss on currency forward contracts	–	509,424	–	320,596	–	91,043
Unrealized loss swap contracts	–	18,088	–	–	–	–
Redeemable units	255,460,612	–	256,479,503	–	250,524,390	–
	\$255,460,612	\$615,474	\$256,479,503	\$478,203	\$250,524,390	\$838,646

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

Scotia Canadian Blue Chip Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	12.4	13.9	15.4
Materials	3.2	3.1	5.6
Industrials	7.4	7.9	5.2
Consumer Discretionary	8.5	7.9	2.1
Consumer Staples	3.2	4.4	6.4
Health Care	6.5	2.1	–
Financials	24.9	25.0	26.8
Information Technology	1.7	–	2.3
Telecommunication	2.2	2.2	5.7
Foreign Equities			
United States			
Industrials	4.3	5.2	1.4
Consumer Discretionary	4.8	7.4	5.8
Consumer Staples	2.0	4.6	2.2
Health Care	2.4	–	2.0
Financials	5.9	3.7	3.1
Information Technology	8.1	8.4	12.5
Commodities	–	–	1.6
Currency Forward Contracts	(0.2)	(0.1)	0.0
Futures Contracts	0.4	0.1	1.2
Swap Contracts	(0.0)	0.5	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$249,014,049	\$ –	\$ –	\$249,014,049
Currency Forward Contracts–Liabilities	–	(509,424)	–	(509,424)
Future Contracts–Liabilities	(1,239,214)	–	–	(1,239,214)
Swap Contracts–Liabilities	–	(18,088)	–	(18,088)
	\$247,774,835	\$ (527,512)	\$ –	\$247,247,323

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$245,814,959	\$ –	\$ –	\$245,814,959
Currency Forward Contracts–Assets	–	10,616	–	10,616
Swap Contracts–Assets	–	1,278,863	–	1,278,863
	245,814,959	1,289,479	–	247,104,438
Futures (Short)	(273,956)	–	–	(273,956)
Currency Forward Contracts–Liabilities	–	(320,596)	–	(320,596)
	\$245,541,003	\$ 968,883	\$ –	\$246,509,886

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$241,830,742	\$ –	\$ –	\$241,830,742
Commodities	–	4,021,343	–	\$ 4,021,343
	241,830,742	4,021,343	–	245,852,085
Currency Forward Contracts–Liabilities	–	(91,043)	–	(91,043)
Futures Contracts (Short)	(236,974)	–	–	(236,974)
	\$241,593,768	\$3,930,300	\$ –	\$245,524,068

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia Canadian Blue Chip Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 509,424	\$ –	\$ –	\$ 509,424
Swap contracts	18,088	–	–	18,088
Total	\$ 527,512	\$ –	\$ –	\$ 527,512

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 10,616	\$(10,616)	\$ –	\$ –
Swap contracts	1,278,863	–	–	1,278,863
Total	\$1,289,479	\$(10,616)	\$ –	\$1,278,863

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 320,596	\$(10,616)	\$ –	\$ 309,980
Swap contracts	–	–	–	–
Total	\$ 320,596	\$(10,616)	\$ –	\$ 309,980

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 91,043	\$ –	\$ –	\$ 91,043
Swap contracts	–	–	–	–
Total	\$ 91,043	\$ –	\$ –	\$ 91,043

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia Canadian Blue Chip Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Composition of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	28.73	28.73	27.68	27.67
Series F	29.78	29.78	28.74	28.65
Series I	34.14	34.14	32.92	32.92

Scotia Private Canadian Equity Pool

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$ 960,926,359	\$777,940,519	\$551,856,013
Cash	51,294,589	41,233,833	5,588,134
Accrued investment income	2,069,221	1,770,056	1,530,787
Receivable for securities sold	—	—	7,482,442
Subscriptions receivable	819,737	1,863,512	508,264
	<u>1,015,109,906</u>	<u>822,807,920</u>	<u>566,965,640</u>
LIABILITIES			
Current liabilities			
Redemptions payable	362,522	719,321	1,193,041
Net Assets attributable to holders of redeemable units	<u>\$1,014,747,384</u>	<u>\$822,088,599</u>	<u>\$565,772,599</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	\$ 587,753,578	\$451,154,189	\$257,093,364
Series M Units	<u>\$ 426,993,806</u>	<u>\$370,934,410</u>	<u>\$308,679,235</u>
UNITS OUTSTANDING			
Series I Units	45,020,510	36,782,564	23,321,758
Series M Units	<u>32,715,126</u>	<u>30,246,826</u>	<u>27,996,290</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	\$ 13.06	\$ 12.27	\$ 11.02
Series M Units	<u>\$ 13.05</u>	<u>\$ 12.26</u>	<u>\$ 11.02</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$25,742,227	\$20,622,238
Interest for distribution purposes	326,712	223,088
Net realized gain (loss) on non-derivative financial assets	16,545,383	(6,563,961)
Net gain (loss) foreign exchange	357	386
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>30,204,431</u>	<u>83,139,449</u>
Net gain (loss) on investments	72,819,110	97,421,200
Securities lending	76,542	84,739
Total income (loss)	<u>72,895,652</u>	<u>97,505,939</u>
EXPENSES		
Management fees (note 5)	387,505	334,810
Administration fees (note 6)	69,268	—
Harmonized Sales Tax/Goods and Services Tax	54,282	45,254
Audit fees	19,268	23,607
Independent Review Committee fees	1,817	1,093
Custodian fees	6,741	9,229
Filing fees	9,517	17,139
Legal fees	2,745	3,181
Unitholder reporting costs	8,134	8,445
Unitholder administration and service fees	66,666	94,118
Transaction costs	<u>634,490</u>	<u>417,648</u>
Total expenses	1,260,433	954,524
Absorbed expenses	—	(16)
Net expenses	<u>1,260,433</u>	<u>954,508</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$71,635,219</u>	<u>\$96,551,431</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	\$38,934,965	\$50,840,740
Series M Units	<u>\$32,700,254</u>	<u>\$45,710,691</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	\$ 1.01	\$ 1.67
Series M Units	<u>\$ 1.12</u>	<u>\$ 1.57</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	38,515,007	30,493,437
Series M Units	<u>29,297,650</u>	<u>29,055,006</u>

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

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

Scotia Private Canadian Equity Pool (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series I Units	\$ 451,154,189	\$ 257,093,364
Series M Units	370,934,410	308,679,235
	<u>822,088,599</u>	<u>565,772,599</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	38,934,965	50,840,740
Series M Units	32,700,254	45,710,691
	<u>71,635,219</u>	<u>96,551,431</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(14,655,708)	(10,954,610)
Series M Units	(10,236,871)	(8,710,315)
	<u>(24,892,579)</u>	<u>(19,664,925)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	160,274,908	163,936,585
Series M Units	138,486,212	137,229,068
Reinvested distributions		
Series I Units	14,655,708	10,954,610
Series M Units	9,011,747	7,627,824
Payments on redemption		
Series I Units	(62,610,484)	(20,716,500)
Series M Units	(113,901,946)	(119,602,093)
	<u>145,916,145</u>	<u>179,429,494</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	136,599,389	194,060,825
Series M Units	56,059,396	62,255,175
	<u>192,658,785</u>	<u>256,316,000</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	587,753,578	451,154,189
Series M Units	426,993,806	370,934,410
	<u>\$1,014,747,384</u>	<u>\$ 822,088,599</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 71,635,219	\$ 96,551,431
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(16,545,383)	6,563,961
Net realized (gain) loss foreign exchange on cash	(357)	(386)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(30,204,431)	(83,139,449)
Purchases of non-derivative financial assets	(319,993,646)	(255,007,078)
Proceeds from sale of non-derivative financial assets	183,123,129	112,562,855
Transaction costs	634,490	417,648
Accrued investment income	(299,165)	(239,269)
Net cash provided by (used in) operating activities	<u>(111,650,144)</u>	<u>(122,290,287)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	299,804,895	299,810,405
Amounts paid on redemption of redeemable units	(176,869,228)	(140,792,313)
Distributions to unitholders of redeemable units	(1,225,124)	(1,082,492)
Net cash provided by (used in) financing activities	<u>121,710,543</u>	<u>157,935,600</u>
Net realized (gain) loss foreign exchange on cash	357	386
Net increase (decrease) in cash	10,060,399	35,645,313
Cash (Bank Indebtedness) at beginning of period	41,233,833	5,588,134
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 51,294,589</u>	<u>\$ 41,233,833</u>
Interest received(1)	317,240	195,940
Dividends received, net of withholding taxes(1)	25,452,533	20,410,118

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 94.7%			
Energy – 19.6%			
501,200	ARC Resources Ltd.	13,418,929	12,610,192
446,400	Baytex Energy Corporation	17,381,880	8,624,448
715,170	Canadian Natural Resources Ltd.	28,516,099	25,688,906
654,394	Cenovus Energy Inc.	21,229,249	15,685,824
321,990	Crescent Point Energy Corp.	13,050,572	8,664,751
521,720	Enbridge Inc.	18,337,937	31,167,553
585,254	EnCana Corporation	13,443,801	9,463,557
1,003,798	Suncor Energy, Inc.	36,024,434	37,040,146
150,500	Tourmaline Oil Corp.	6,766,323	5,824,350
438,750	TransCanada Corporation	18,690,172	25,052,625
479,500	Trican Well Service Ltd.	7,234,275	2,670,815
814,600	Trinidad Drilling Ltd.	7,506,778	4,235,920
220,300	Vermilion Energy, Inc.	11,334,616	12,557,100
		<u>212,935,065</u>	<u>199,286,187</u>
Materials – 6.3%			
127,700	Agnico-Eagle Mines Limited	4,340,202	3,693,084
123,150	Agrium Inc.	10,211,147	13,546,500
583,115	First Quantum Minerals Ltd.	12,885,876	9,627,229
721,799	Goldcorp, Inc.	26,570,277	15,525,896
306,683	Potash Corporation of Saskatchewan Inc.	12,420,100	12,595,471
537,640	Teck Resources Ltd., Class B	17,360,846	8,537,723
		<u>83,788,448</u>	<u>63,525,903</u>
Industrials – 7.0%			
277,100	Black Diamond Group Ltd.	6,632,176	3,530,254
604,590	Canadian National Railway Company	28,004,813	48,379,293
394,980	Finnish International Inc.	10,480,958	9,965,345
348,600	Russel Metals Inc.	9,991,935	9,028,740
		<u>55,109,882</u>	<u>70,903,632</u>
Consumer Discretionary – 11.4%			
572,258	Aimia Inc.	9,127,937	8,360,689
71,600	AutoCanada Inc.	5,502,757	3,186,200
205,180	Canadian Tire Corporation, Limited, Class A	14,696,398	25,183,793
134,290	Cogeco Cable Inc.	5,740,625	9,620,536
151,972	Magna International Inc.	6,434,244	19,131,755
599,600	Shaw Communications, Inc., Class B	13,984,350	18,797,460
661,408	Thomson Reuters Corporation	24,174,283	31,000,193
		<u>79,660,594</u>	<u>115,280,626</u>
Consumer Staples – 3.9%			
156,900	Alimentation Couche-Tard Inc., Class B	1,588,478	7,639,461
326,700	Loblaw Companies Limited	13,855,121	20,310,939
345,920	Saputo Inc.	7,195,711	12,079,526
		<u>22,639,310</u>	<u>40,029,926</u>
Health Care – 4.2%			
292,600	Catamaran Corporation	15,019,484	17,591,112
149,040	Valeant Pharmaceuticals International, Inc.	13,776,628	24,789,823
		<u>28,796,112</u>	<u>42,380,935</u>
Financials – 34.7%			
366,241	Bank of Montreal	24,177,372	30,097,685
687,175	Bank of Nova Scotia, The	37,720,648	45,566,575
281,800	Brookfield Asset Management Inc., Class A	10,985,567	16,406,396
295,890	Canadian Imperial Bank of Commerce	23,484,864	29,541,658
318,760	Great-West Lifeco Inc.	8,883,231	10,707,148
240,485	Intact Financial Corporation	12,923,357	20,164,667
1,331,296	Manulife Financial Corporation	23,503,100	29,528,145
183,000	National Bank of Canada	7,483,937	9,047,520
540,788	Power Corporation of Canada	15,955,647	17,175,427
736,513	Royal Bank of Canada	42,116,649	59,097,803
551,343	Sun Life Financial Inc.	20,291,034	23,112,299
1,118,000	Toronto-Dominion Bank, The	45,615,437	62,060,181
		<u>273,140,843</u>	<u>352,505,504</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Private Canadian Equity Pool (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)			
Information Technology – 2.2%			
493,643	CGI Group Inc., Class A	16,312,234	21,863,448
Telecommunication Services – 5.4%			
568,404	BCE Inc.	24,290,078	30,284,565
550,490	Rogers Communications, Inc., Class B	22,795,209	24,865,633
		47,085,287	55,150,198
	TOTAL INVESTMENT PORTFOLIO	819,467,775	960,926,359
	OTHER ASSETS, LESS LIABILITIES – 5.3%		53,821,025
	NET ASSETS – 100.0%		1,014,747,384

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Private Canadian Equity Pool

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of Canadian equity securities.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$821,442,403	\$564,767,162
Revaluation of Investments at FVTPL	646,196	1,005,437
Net assets attributable to holders of redeemable units	\$822,088,599	\$565,772,599

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$96,910,672
Revaluation of Investments at FVTPL	(359,241)
Increase (decrease) in net assets attributable to holders of redeemable units	\$96,551,431

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	41,882	0.0	4,188	0.0

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 94.7% (December 31, 2013 – 94.6%, January 1, 2013 – 97.5%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments

Scotia Private Canadian Equity Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$96,092,636 (December 31, 2013 – \$77,729,432, January 1, 2013 – \$55,085,058). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$362,522	\$ –	\$719,321	\$ –	\$1,193,041
Redeemable units	1,014,747,384	–	822,088,599	–	565,772,599	–
	\$1,014,747,384	\$362,522	\$822,088,599	\$719,321	\$565,772,599	\$1,193,041

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Energy	19.6	21.8	22.7
Materials	6.3	7.8	15.9
Industrials	7.0	7.8	5.6
Consumer Discretionary	11.4	8.7	9.0
Consumer Staples	3.9	4.6	4.8
Health Care	4.2	4.0	1.1
Financials	34.7	32.3	29.7
Information Technology	2.2	0.9	1.4
Telecommunication Services	5.4	6.4	6.3
Utilities	–	0.3	1.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$960,926,359	\$ –	\$ –	\$960,926,359
December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$777,940,519	\$ –	\$ –	\$777,940,519
January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$551,856,013	\$ –	\$ –	\$551,856,013

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

Scotia Private Canadian Equity Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Composition of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series I	13.06	13.06	12.27	12.27
Series M	13.05	13.05	12.26	12.26

Scotia Canadian Growth Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$382,302,721	\$392,935,914	\$365,915,415
Cash	710,903	1,432,590	2,830,678
Accrued investment income	387,967	477,674	697,719
Receivable for securities sold	—	1,045,904	—
Subscriptions receivable	96,701	129,355	66,362
	<u>383,498,292</u>	<u>396,021,437</u>	<u>369,510,174</u>
LIABILITIES			
Current liabilities			
Redemptions payable	567,407	329,197	390,906
Unrealized loss on currency forward contracts	—	—	521,796
	<u>567,407</u>	<u>329,197</u>	<u>912,702</u>
Net Assets attributable to holders of redeemable units	<u>\$382,930,885</u>	<u>\$395,692,240</u>	<u>\$368,597,472</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$334,269,730	\$337,224,971	\$318,068,522
Advisor Series Units	\$ 297,464	\$ 314,179	\$ 311,239
Series F Units	\$ 210,091	\$ 75,320	\$ 19,719
Series I Units	<u>\$ 48,153,600</u>	<u>\$ 58,077,770</u>	<u>\$ 50,197,992</u>
UNITS OUTSTANDING			
Series A Units	5,057,746	5,565,002	6,304,939
Advisor Series Units	4,602	5,276	6,251
Series F Units	2,964	1,168	370
Series I Units	<u>582,868</u>	<u>783,397</u>	<u>831,130</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 66.09	\$ 60.60	\$ 50.45
Advisor Series Units	\$ 64.64	\$ 59.54	\$ 49.79
Series F Units	\$ 70.88	\$ 64.51	\$ 53.31
Series I Units	<u>\$ 82.61</u>	<u>\$ 74.14</u>	<u>\$ 60.40</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 6,144,556	\$ 8,935,973
Interest for distribution purposes	10,686	6,398
Net realized gain (loss) on non-derivative financial assets	58,398,653	12,050,480
Net realized gain (loss) on currency forwards	—	(2,354,539)
Net gain (loss) foreign exchange	(128,784)	68,557
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(12,672,748)	58,759,263
Change in unrealized appreciation (depreciation) of currency forwards	—	521,796
Net gain (loss) on investments	<u>51,752,363</u>	<u>77,987,928</u>
Securities lending	84,904	61,709
Other income	3,349	1,612
Total income (loss)	<u>51,840,616</u>	<u>78,051,249</u>
EXPENSES		
Management fees (note 5)	6,183,897	5,894,380
Administration fees (note 6)	164,415	—
Harmonized Sales Tax/Goods and Services Tax	700,012	677,426
Audit fees	8,578	11,848
Independent Review Committee fees	828	667
Custodian fees	6,613	11,691
Filing fees	27,837	38,171
Legal fees	1,293	1,864
Unitholder reporting costs	34,347	42,762
Unitholder administration and service fees	170,872	296,027
Overdraft charges	39,924	47,834
Foreign withholding taxes/tax reclaims	309,689	249,042
Transaction costs	<u>837,775</u>	<u>857,353</u>
Total expenses	8,486,080	8,129,065
Absorbed expenses	<u>(13,557)</u>	<u>(13,963)</u>
Net expenses	<u>8,472,523</u>	<u>8,115,102</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 43,368,093</u>	<u>\$ 69,936,147</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 35,897,702	\$ 58,834,603
Advisor Series Units	\$ 30,924	\$ 53,327
Series F Units	\$ 16,347	\$ 11,118
Series I Units	<u>\$ 7,423,120</u>	<u>\$ 11,037,099</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 6.85	\$ 9.94
Advisor Series Units	\$ 6.44	\$ 9.54
Series F Units	\$ 7.65	\$ 14.78
Series I Units	<u>\$ 9.76</u>	<u>\$ 13.58</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	5,242,470	5,921,712
Advisor Series Units	4,803	5,589
Series F Units	2,136	752
Series I Units	<u>760,501</u>	<u>812,533</u>

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

Scotia Canadian Growth Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$337,224,971	\$318,068,522
Advisor Series Units	314,179	311,239
Series F Units	75,320	19,719
Series I Units	58,077,770	50,197,992
	<u>395,692,240</u>	<u>368,597,472</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	35,897,702	58,834,603
Advisor Series Units	30,924	53,327
Series F Units	16,347	11,118
Series I Units	7,423,120	11,037,099
	<u>43,368,093</u>	<u>69,936,147</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From realized gain		
Series A Units	(6,867,914)	–
Advisor Series Units	(6,120)	–
Series F Units	(4,332)	–
Series I Units	(983,642)	–
	<u>(7,862,008)</u>	<u>–</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	14,338,378	12,757,202
Advisor Series Units	413	2,653
Series F Units	126,262	44,483
Series I Units	4,085,000	3,621,000
Reinvested distributions		
Series A Units	6,833,146	–
Advisor Series Units	4,359	–
Series F Units	2,494	–
Series I Units	983,642	–
Payments on redemption		
Series A Units	(53,156,553)	(52,435,356)
Advisor Series Units	(46,291)	(53,040)
Series F Units	(6,000)	–
Series I Units	(21,432,290)	(6,778,321)
	<u>(48,267,440)</u>	<u>(42,841,379)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(2,955,241)	19,156,449
Advisor Series Units	(16,715)	2,940
Series F Units	134,771	55,601
Series I Units	(9,924,170)	7,879,778
	<u>(12,761,355)</u>	<u>27,094,768</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	334,269,730	337,224,971
Advisor Series Units	297,464	314,179
Series F Units	210,091	75,320
Series I Units	48,153,600	58,077,770
	<u>\$382,930,885</u>	<u>\$395,692,240</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 43,368,093	\$ 69,936,147
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(58,398,653)	(12,050,480)
Net realized (gain) loss foreign exchange on cash	128,784	(68,557)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	12,672,748	(58,759,263)
Change in unrealized (appreciation) depreciation of forward currency contracts	–	(521,796)
Purchases of non-derivative financial assets	(351,002,596)	(331,527,801)
Proceeds from sale of non-derivative financial assets	407,569,824	373,413,788
Transaction costs	837,775	857,353
Accrued investment income	89,707	220,045
Net cash provided by (used in) operating activities	<u>55,265,682</u>	<u>41,499,436</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	18,582,707	16,362,345
Amounts paid on redemption of redeemable units	(74,402,924)	(59,328,426)
Distributions to unitholders of redeemable units	(38,368)	–
Net cash provided by (used in) financing activities	<u>(55,858,585)</u>	<u>(42,966,081)</u>
Net realized (gain) loss foreign exchange on cash	(128,784)	68,557
Net increase (decrease) in cash	(592,903)	(1,466,645)
Cash (Bank Indebtedness) at beginning of period	1,432,590	2,830,678
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 710,903</u>	<u>\$ 1,432,590</u>
Interest received(1)	10,946	6,496
Dividends received, net of withholding taxes(1)	5,924,313	8,906,879

(1) Classified as operating items.

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

Scotia Canadian Growth Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 99.8%				EQUITIES (cont'd)			
Canadian Equities – 57.5%				FOREIGN EQUITIES (cont'd)			
Energy – 8.2%				United States (cont'd)			
764,700	Birchcliff Energy Ltd.	8,371,112	5,979,954	Financials – 14.0%			
200,300	Canadian Natural Resources Ltd.	6,917,280	7,194,776	571,300	Bank of America Corporation	10,370,318	11,860,923
504,700	EnCana Corporation	9,892,570	8,160,999	379,200	E*Trade Financial Corporation	9,665,850	10,673,664
212,600	Paramount Resources Ltd.	6,834,836	5,978,312	271,800	Financial Select Sector SPDR Fund, The	7,732,381	7,800,411
94,100	ShawCor Ltd.	4,788,760	3,989,840	181,200	MetLife, Inc.	9,236,857	11,374,153
		<u>36,804,558</u>	<u>31,303,881</u>	262,200	Morgan Stanley	7,663,652	11,810,715
Materials – 2.9%						<u>44,669,058</u>	<u>53,519,866</u>
895	Franco-Nevada Corporation Warrants Jun. 16, 2017*	–	8,950	Information Technology – 8.1%			
170,700	West Fraser Timber Co., Ltd.	8,871,560	11,346,429	162,000	eBay Inc.	6,301,803	10,550,586
		<u>8,871,560</u>	<u>11,355,379</u>	19,000	Google Inc. Class C	11,406,442	11,606,824
Industrials – 5.9%				90,100	Tableau Software Inc.	6,875,715	8,862,569
27,490	BuildDirect.com Technologies Inc. Warrants \$00.00 Mar. 31, 2016	–	–			<u>24,583,960</u>	<u>31,019,979</u>
274,900	BuildDirect.com Technologies Inc., Restricted*	1,649,400	1,649,400	Telecommunication Services – 3.1%			
350,800	TransForce, Inc.	9,611,890	10,380,172	207,700	Level 3 Communications, Inc.	8,452,210	11,902,316
303,700	WSP Global Inc.	10,170,337	10,586,982			<u>124,763,225</u>	<u>148,537,755</u>
		<u>21,431,627</u>	<u>22,616,554</u>	TOTAL UNITED STATES EQUITIES			
Consumer Discretionary – 8.2%				Switzerland – 1.9%			
269,200	Amaya Gaming Group, Inc.	5,384,000	7,685,660	22,700	Roche Holdings AG	7,616,969	7,138,695
419,100	BRP Inc.	11,127,817	10,146,411	United Kingdom – 1.6%			
553,400	Hudson's Bay Company	9,761,914	13,591,504	208,000	Burberry Group PLC	5,753,242	6,116,186
		<u>26,273,731</u>	<u>31,423,575</u>			<u>138,133,436</u>	<u>161,792,636</u>
Consumer Staples – 3.0%				TOTAL FOREIGN EQUITIES			
239,600	Alimentation Couche-Tard Inc., Class B	5,674,950	11,666,124	TOTAL INVESTMENT PORTFOLIO			
Health Care – 6.8%						<u>329,371,905</u>	<u>382,302,721</u>
168,000	Catamaran Corporation	8,543,024	10,100,160	OTHER ASSETS, LESS LIABILITIES – 0.2%			
96,700	Valeant Pharmaceuticals International, Inc.	11,968,749	16,084,112				628,164
		<u>20,511,773</u>	<u>26,184,272</u>	NET ASSETS – 100.0%			
Financials – 12.3%							<u>382,930,885</u>
147,800	Bank of Nova Scotia, The	9,008,775	9,800,618	* This security is not actively traded and considered illiquid.			
306,300	Canadian Western Bank	9,046,128	10,031,325				
197,900	CI Financial Corporation	6,509,381	6,390,191				
370,300	Manulife Financial Corporation	7,776,141	8,213,254				
300,900	Sun Life Financial Inc.	6,914,846	12,613,728				
		<u>39,255,271</u>	<u>47,049,116</u>				
Information Technology – 10.2%							
1,001,200	Celestica Inc.	11,300,642	13,666,380				
274,300	CGI Group Inc., Class A	11,179,964	12,148,747				
193,700	Open Text Corporation	9,934,393	13,096,057				
		<u>32,414,999</u>	<u>38,911,184</u>				
TOTAL CANADIAN EQUITIES							
		<u>191,238,469</u>	<u>220,510,085</u>				
FOREIGN EQUITIES – 42.3%							
United States – 38.8%							
Industrials – 7.1%							
92,800	JB Hunt Transport Services Inc.	7,813,912	9,073,227				
68,100	Rockwell Automation, Inc.	8,940,495	8,785,746				
73,400	United Parcel Service, Inc., Class B	7,832,082	9,469,511				
		<u>24,586,489</u>	<u>27,328,484</u>				
Consumer Discretionary – 1.5%							
67,000	Yum! Brands, Inc.	5,534,558	5,664,326				
Health Care – 5.0%							
29,900	Biogen Idec Inc.	9,924,259	11,787,373				
111,000	Merck & Co., Inc.	7,012,691	7,315,411				
		<u>16,936,950</u>	<u>19,102,784</u>				

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Canadian Growth Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of Canadian equity securities.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$394,922,235	\$368,094,830
Revaluation of Investments at FVTPL	770,005	502,642
Net assets attributable to holders of redeemable units	\$395,692,240	\$368,597,472

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$69,668,784
Revaluation of Investments at FVTPL	267,363
Increase (decrease) in net assets attributable to holders of redeemable units	\$69,936,147

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest Rate Risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	149,215,557	39.0	14,921,556	3.9
Swiss Franc	7,138,695	1.9	713,870	0.2
British Pound	6,116,186	1.6	611,619	0.2
Total	162,470,438	42.5	16,247,045	4.3

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	106,103,039	26.8	10,610,304	2.7

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

Scotia Canadian Growth Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	January 1, 2013	
			Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	14,065,361	3.8	1,406,536	0.4

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.8% (December 31, 2013 – 99.3%, January 1, 2013 – 99.1%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$38,230,272 (December 31, 2013 – \$39,216,591, January 1, 2013 – \$36,541,277). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$567,407	\$ –	\$329,197	\$ –	\$390,906
Unrealized loss on currency forward contracts	–	–	–	–	–	521,796
Redeemable units	382,930,885	–	395,692,240	–	368,597,472	–
	\$382,930,885	\$567,407	\$395,692,240	\$329,197	\$368,597,472	\$912,702

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	8.2	10.5	22.0
Materials	2.9	4.8	10.2
Industrials	5.9	1.7	5.8
Consumer Discretionary	8.2	13.2	5.9
Consumer Staples	3.0	3.5	1.5
Health Care	6.8	3.7	0.9
Financials	12.3	30.0	17.5
Information Technology	10.2	5.0	4.7
Foreign Equities	42.3	26.9	30.6
Currency Forward Contracts	–	–	(0.1)

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

Scotia Canadian Growth Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$367,389,490	\$13,254,881	\$1,649,400	\$382,293,771
Warrants	8,950	–	–	8,950
	\$367,398,440	\$13,254,881	\$1,649,400	\$382,302,721

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$392,931,877	\$ –	\$ –	\$392,931,878
Warrants	–	4,036	–	4,036
	\$392,931,877	\$ 4,036	\$ –	\$392,935,914

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$363,924,965	\$ –	\$1,990,450	\$365,915,415
Currency Forward Contracts–Liabilities	–	(521,796)	–	(521,796)
	\$363,924,965	\$(521,796)	\$1,990,450	\$365,393,619

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Reconciliation of Level 3 Financial Instruments

The following tables presents the movement in the Fund's Level 3 financial instruments for the periods ended at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014	December 31, 2013	January 1, 2013
Beginning of period	\$ –	\$ 1,990,450	\$1,874,125
Purchases	7,635,400	–	–
Sales	–	–	–
Transfers into Level 3	–	–	–
Transfers out of Level 3	(5,986,000)	(1,990,450)	–
Net realized gains (losses)	–	–	–
Net change in unrealized appreciation (depreciation)*	–	–	116,325
End of period	\$ 1,649,400	\$ –	\$1,990,450

* Net change in unrealized appreciation (depreciation) for Level 3 financial instruments held as at December 31, 2014, December 31, 2013 and January 1, 2013, was \$0, \$0 and \$116,325 respectively.

Level 3 Valuation Techniques

The significant unobservable inputs and valuation techniques used to determine the fair value measurements categorized in Level 3 are indicated below:

	Valuation Technique	Significant Unobservable Input	December 31, 2014	December 31, 2013	January 1, 2013
Equities	Financing transaction price	Financing price	\$1,649,400	\$ –	\$ –
Equities	Grey Market Trade	Transaction price	–	–	1,990,450
Equities	Internal Fundamental Model	Liquidity shares received at nil value	–	–	–
			\$1,649,400	\$ –	\$1,990,450

The significant unobservable inputs used in the valuation techniques used to estimate the fair values of level 3 investments can vary considerably over time to time depending on company specific factors and economic or market conditions. A 10% increase or decrease in the results of applying these valuation techniques, with all other variables held consistent, would have resulted in an increase or decrease, respectively, in net assets of approximately \$164,940 (December 31, 2013 – nil, January 1, 2013 – \$199,045).

Scotia Canadian Growth Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

As at December 31, 2014 and December 31, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$521,796	\$ –	\$ –	\$521,796
Swap contracts	–	–	–	–
Total	\$521,796	\$ –	\$ –	\$521,796

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	66.09	66.09	60.57	60.60
Advisor Series	64.64	64.64	59.52	59.54
Series F	70.87	70.88	64.49	64.51
Series I	82.61	82.61	74.11	74.14

Scotia Canadian Small Cap Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$52,688,583	\$55,442,229	\$63,216,925
Cash	53,921	—	612,792
Accrued investment income	33,831	35,678	61,107
Subscriptions receivable	29,846	28,260	48,076
	<u>52,806,181</u>	<u>55,506,167</u>	<u>63,938,900</u>
LIABILITIES			
Current liabilities			
Bank indebtedness	—	41,277	—
Redemptions payable	50,523	55,261	46,375
Unrealized loss on currency forward contracts	—	—	17,515
	<u>50,523</u>	<u>96,538</u>	<u>63,890</u>
Net Assets attributable to holders of redeemable units	<u>\$52,755,658</u>	<u>\$55,409,629</u>	<u>\$63,875,010</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$41,446,470	\$46,323,530	\$44,832,557
Series F Units	\$ 572	\$ —	\$ —
Series I Units	\$ —	\$ —	\$11,213,538
Series M Units	<u>\$11,308,616</u>	<u>\$ 9,086,099</u>	<u>\$ 7,828,915</u>
UNITS OUTSTANDING			
Series A Units	1,734,965	1,975,598	2,311,038
Series F Units	24	—	—
Series I Units	—	—	493,230
Series M Units	<u>437,212</u>	<u>365,738</u>	<u>389,259</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 23.89	\$ 23.44	\$ 19.40
Series F Units	\$ 23.90	\$ —	\$ —
Series I Units	\$ —	\$ —	\$ 22.73
Series M Units	<u>\$ 25.87</u>	<u>\$ 24.84</u>	<u>\$ 20.11</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 786,630	\$ 890,083
Interest for distribution purposes	4,885	1,507
Net realized gain (loss) on non-derivative financial assets	284,774	(785,145)
Net realized gain (loss) on currency forwards	—	(99,616)
Net gain (loss) foreign exchange	8,500	(30,696)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	1,490,486	12,429,366
Change in unrealized appreciation (depreciation) of currency forwards	—	17,515
Net gain (loss) on investments	<u>2,575,275</u>	<u>12,423,014</u>
Securities lending	—	2,089
Net realized (gain) loss foreign exchange on cash	27,272	(53,605)
Other income	835	687
Total income (loss)	<u>2,603,382</u>	<u>12,372,185</u>
EXPENSES		
Management fees (note 5)	916,346	896,679
Administration fees (note 6)	50,643	—
Harmonized Sales Tax/Goods and Services Tax	109,325	107,523
Audit fees	2,199	3,281
Independent Review Committee fees	118	122
Custodian fees	4,496	3,754
Filing fees	17,460	27,389
Legal fees	184	334
Unitholder reporting costs	10,468	14,370
Unitholder administration and service fees	38,227	68,291
Overdraft charges	7,837	22,833
Foreign withholding taxes/tax reclaims	14,449	8,482
Transaction costs	136,706	175,452
Total expenses	<u>1,308,458</u>	<u>1,328,510</u>
Absorbed expenses	—	(8)
Net expenses	<u>1,308,458</u>	<u>1,328,502</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$1,294,924</u>	<u>\$11,043,683</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$1,021,679	\$ 8,460,975
Series F Units	\$ (13)	\$ —
Series I Units	\$ —	\$ 839,400
Series M Units	<u>\$ 273,258</u>	<u>\$ 1,743,308</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.55	\$ 3.97
Series F Units	\$ (0.54)	\$ —
Series I Units	\$ —	\$ 1.92
Series M Units	<u>\$ 0.64</u>	<u>\$ 4.72</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	1,848,324	2,128,659
Series F Units	24	—
Series I Units	—	437,952
Series M Units	<u>425,784</u>	<u>369,041</u>

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

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

Scotia Canadian Small Cap Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$46,323,530	\$ 44,832,557
Series I Units	–	11,213,538
Series M Units	9,086,099	7,828,915
	<u>55,409,629</u>	<u>63,875,010</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	1,021,679	8,460,975
Series F Units	(13)	–
Series I Units	–	839,400
Series M Units	273,258	1,743,308
	<u>1,294,924</u>	<u>11,043,683</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	2,818,469	2,007,600
Series F Units	585	–
Series I Units	–	9,994
Series M Units	5,763,112	2,471,876
Payments on redemption		
Series A Units	(8,717,208)	(8,977,602)
Series I Units	–	(12,062,932)
Series M Units	(3,813,853)	(2,958,000)
	<u>(3,948,895)</u>	<u>(19,509,064)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(4,877,060)	1,490,973
Series F Units	572	–
Series I Units	–	(11,213,538)
Series M Units	2,222,517	1,257,184
	<u>(2,653,971)</u>	<u>(8,465,381)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	41,446,470	46,323,530
Series F Units	572	–
Series I Units	–	–
Series M Units	11,308,616	9,086,099
	<u>\$52,755,658</u>	<u>\$ 55,409,629</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 1,294,924	\$ 11,043,683
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(284,774)	785,145
Net unrealized (gain) loss foreign exchange on cash	(40,718)	47,701
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(1,490,486)	(12,429,366)
Change in unrealized (appreciation) depreciation of forward currency contracts	–	(17,515)
Purchases of non-derivative financial assets	(32,470,754)	(31,203,672)
Proceeds from sale of non-derivative financial assets	36,862,954	50,447,138
Transaction costs	136,706	175,452
Accrued investment income	1,847	25,429
Net cash provided by (used in) operating activities	<u>4,009,699</u>	<u>18,873,995</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	8,580,580	4,509,286
Amounts paid on redemption of redeemable units	(12,535,799)	(23,989,648)
Net cash provided by (used in) financing activities	<u>(3,955,219)</u>	<u>(19,480,363)</u>
Net unrealized (gain) loss foreign exchange on cash	40,718	(47,701)
Net increase (decrease) in cash	54,480	(606,368)
Cash (Bank Indebtedness) at beginning of period	(41,277)	612,792
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 53,921</u>	<u>\$ (41,277)</u>
Interest received(1)	4,878	2,418
Dividends received, net of withholding taxes(1)	774,035	906,119

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 99.9%			
CANADIAN EQUITIES – 79.5%			
Energy – 8.1%			
122,900	Birchcliff Energy Ltd.	1,370,524	961,078
684,000	Cequence Energy Ltd.	1,996,886	725,040
205,100	Macro Enterprises Inc.	838,052	415,328
37,700	Paramount Resources Ltd.	1,261,359	1,060,124
145,400	Spartan Energy Corp.	374,245	405,666
55,000	Total Energy Services Inc.	<u>1,248,287</u>	<u>713,900</u>
		<u>7,089,353</u>	<u>4,281,136</u>
Materials – 1.4%			
33,200	Interfor Corporation	532,742	728,740
Industrials – 18.2%			
101,600	ATS Automation Tooling Systems Inc.	1,288,135	1,574,800
37,300	Badger Daylighting Ltd.	1,290,265	986,585
142,600	Baylin Technologies Inc.	1,114,761	457,746
53,300	Lumenpulse Inc.	919,027	874,120
120,900	New Flyer Industries Inc.	1,166,796	1,629,731
95,400	People Corporation	205,530	246,132
18,300	Richelieu Hardware Ltd.	591,609	1,043,100
112,100	Superior Plus Corporation	1,315,703	1,344,079
41,700	WSP Global Inc.	<u>1,211,924</u>	<u>1,453,662</u>
		<u>9,103,750</u>	<u>9,609,955</u>
Consumer Discretionary – 19.5%			
42,300	Amaya Gaming Group, Inc.	846,000	1,207,665
90,600	Bauer Performance Sports Ltd.	1,140,641	1,915,284
27,300	Boyd Group Income Fund	1,147,641	1,299,480
294,900	Entertainment One Ltd.	1,361,950	1,710,726
40,600	MDC Partners Inc., Class A	963,839	1,070,479
1,350,200	Shop.ca Network Inc. Restricted*	1,080,160	1,127,822
100,100	Yellow Media Ltd.	<u>1,424,425</u>	<u>1,959,958</u>
		<u>7,964,656</u>	<u>10,291,414</u>
Health Care – 1.2%			
13,300	Concordia Healthcare Corporation	541,318	621,775
Financials – 4.6%			
190,600	Fiera Sceptre Inc.	1,642,079	2,420,620
Information Technology – 24.2%			
478,200	Absolute Software Corporation	2,379,263	3,882,982
314,400	BuildDirect.com Technologies Inc., Restricted*	1,100,400	1,886,400
157,200	BuildDirect.com Technologies Inc., Restricted, Warrants*	–	117,900
615,400	Guestlogix Inc 4 Month hold re	555,399	486,166
1,027,000	Guestlogix Inc.	1,268,053	811,330
170,000	Halogen Software Inc.	1,538,514	1,445,000
321,800	Pure Technologies Ltd.	1,491,898	2,378,102
473,500	Redknee Solutions Inc.	<u>1,825,884</u>	<u>1,770,890</u>
		<u>10,159,411</u>	<u>12,778,770</u>
Telecommunication Services – 2.3%			
198,600	Canadian Satellite Radio Holdings Inc.	1,536,199	1,203,516
	TOTAL CANADIAN EQUITIES	<u>38,569,508</u>	<u>41,935,926</u>
FOREIGN EQUITIES – 20.4%			
United States – 20.4%			
Materials – 4.3%			
32,500	Caesar Stone Sdot Yam Ltd.	523,695	2,256,180
Industrials – 0.1%			
700	ITT Corporation	34,950	32,868
Consumer Discretionary – 3.1%			
54,600	Live Nation Entertainment Inc.	<u>734,885</u>	<u>1,654,411</u>
Consumer Staples – 1.5%			
15,900	Post Holdings Inc.	<u>962,547</u>	<u>772,950</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Canadian Small Cap Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)			
Financials – 4.7%			
28,800	FXCM Inc.	493,585	553,808
103,700	Janus Capital Group Inc.	923,238	1,941,141
		<u>1,416,823</u>	<u>2,494,949</u>
Information Technology – 6.7%			
49,700	QLIK Technologies Inc.	1,316,428	1,781,633
19,400	Synnex Corp.	1,396,067	1,759,666
		<u>2,712,495</u>	<u>3,541,299</u>
	TOTAL FOREIGN EQUITIES	<u>6,385,395</u>	<u>10,752,657</u>
	TOTAL INVESTMENT PORTFOLIO	<u>44,954,903</u>	<u>52,688,583</u>
	OTHER ASSETS, LESS LIABILITIES – 0.1%		<u>67,075</u>
	NET ASSETS – 100.0%		<u>52,755,658</u>

* This security is not actively traded and considered illiquid.

Scotia Canadian Small Cap Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is aggressive long-term capital growth. It invests primarily in equity securities of small and medium Canadian companies listed on major Canadian stock exchanges.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of net assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$55,190,170	\$63,176,438
Revaluation of Investments at FVTPL	219,459	698,572
Net assets attributable to holders of redeemable units	\$55,409,629	\$63,875,010

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$11,522,796
Revaluation of Investments at FVTPL	(479,113)
Increase (decrease) in net assets attributable to holders of redeemable units	\$11,043,683

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
British Pound	1,710,726	3.2	171,073	0.3
US Dollar	11,877,055	22.5	1,187,706	2.3
Total	13,587,781	25.7	1,358,779	2.6

Scotia Canadian Small Cap Fund (continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
British Pound	1,105,127	2.0	110,513	0.2
U.S. Dollar	11,858,489	21.4	1,185,849	2.1
Total	12,963,616	23.4	1,296,362	2.3

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	420,628	0.7	42,063	0.1

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.9% (December 31, 2013 – 100.1%, January 1, 2013 – 98.9%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$5,268,858 (December 31, 2013 – \$5,522,277, January 1, 2013 – \$6,251,835). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$50,523	\$ –	\$96,538	\$ –	\$46,375
Unrealized loss on currency forward contracts	–	–	–	–	–	17,515
Redeemable units	52,755,658	–	55,409,629	–	63,875,010	–
	\$52,755,658	\$50,523	\$55,409,629	\$96,538	\$63,875,010	\$63,890

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

Scotia Canadian Small Cap Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	8.1	7.7	16.3
Materials	1.4	3.7	17.4
Industrials	18.2	13.2	10.1
Consumer Discretionary	19.5	16.5	8.4
Consumer Staples	–	5.1	0.8
Health Care	1.2	2.7	5.1
Financials	4.6	6.7	7.7
Information Technology	24.2	21.8	25.2
Telecommunication Services	2.3	–	–
Utilities	–	1.2	2.0
Foreign Equities	20.4	21.5	5.9
Currency Forward Contracts	–	–	0.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$ 47,845,735	\$ 1,710,726	\$ 3,132,122	\$ 52,688,583

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 53,236,702	\$ 1,105,127	\$ 1,100,400	\$ 55,442,229

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 63,216,925	\$ –	\$ –	\$ 63,216,925
Currency Forward Contracts–Liabilities	–	(17,515)	–	(17,515)
	\$ 63,216,925	\$ (17,515)	\$ –	\$ 63,199,410

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Reconciliation of Level 3 Financial Instruments

The following tables presents the movement in the Fund's Level 3 financial instruments for the periods ended at December 31, 2014 and December 31, 2013.

	December 31, 2014	December 31, 2013	January 1, 2013
Beginning of period	\$1,100,400	\$ –	\$ –
Purchases	1,080,160	1,100,400	–
Sales	–	–	–
Transfers into Level 3	–	–	–
Transfers out of Level 3	–	–	–
Net realized gains (losses)	–	–	–
Net change in unrealized appreciation (depreciation)*	951,562	–	–
End of period	\$3,132,122	\$1,100,400	\$ –

* Net change in unrealized appreciation (depreciation) for Level 3 financial instruments held as at December 31, 2014, December 31, 2013 and January 1, 2013, was \$951,562, \$0 and nil, respectively.

Scotia Canadian Small Cap Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Level 3 Valuation Techniques

The significant unobservable inputs and valuation techniques used to determine the fair value measurements categorized in Level 3 are indicated below:

	Valuation Technique	Significant Unobservable Input	December 31, 2014	December 31, 2013	January 1, 2013
Equities	Financing transaction price	Financing price	\$1,886,400	\$1,100,400	\$ –
Equities	Internal Fundamental Model	Price to sales multiple, with liquidity discount due to lack of marketability	1,127,822	–	–
Warrant	Warrant valuation model	Strike price	117,900	–	–
			\$3,132,122	\$1,100,400	\$ –

The significant unobservable inputs used in the valuation techniques used to estimate the fair values of level 3 investments can vary considerably over time to time depending on company specific factors and economic or market conditions. A 10% increase or decrease in the results of applying these valuation techniques, with all other variables held consistent, would have resulted in an increase or decrease, respectively, in net assets of approximately \$313,212 (December 31, 2013 – \$110,040, January 1, 2013 – nil).

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

As at December 31, 2014 and December 31, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

	January 1, 2013			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$17,515	\$ –	\$ –	\$17,515
Swap contracts	–	–	–	–
Total	\$17,515	\$ –	\$ –	\$17,515

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value Per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	23.89	23.89	23.44	23.44
Series F	23.90	23.90	–	–
Series I	–	–	–	–
Series M	25.87	25.87	24.84	24.84

Scotia Resource Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$ 80,812,514	\$102,148,141	\$126,920,156
Commodities	2,785,417	3,621,054	4,705,440
Unrealized gain on currency forward contracts	201,686	49,151	—
Unrealized gain on swap contracts	—	131,023	—
Cash	18,968,104	6,544,357	4,391,975
Accrued investment income	164,974	178,800	248,895
Receivable for securities sold	334,598	—	68,001
Subscriptions receivable	110,596	109,411	88,731
	<u>103,377,889</u>	<u>112,781,937</u>	<u>136,423,198</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	20,626	—	62,813
Redemptions payable	132,211	160,074	69,407
Unrealized loss for swap contracts	294,747	—	—
Unrealized loss on currency forward contracts	89,090	37,588	27,077
Unrealized loss on accumulator contracts	21,844	—	—
	<u>558,518</u>	<u>197,662</u>	<u>159,297</u>
Net Assets attributable to holders of redeemable units	<u>\$102,819,371</u>	<u>\$112,584,275</u>	<u>\$136,263,901</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$102,799,594	\$112,549,439	\$135,962,183
Series F Units	\$ 19,777	\$ 34,836	\$ 301,718
UNITS OUTSTANDING			
Series A Units	5,990,991	6,738,485	7,633,715
Series F Units	1,123	2,044	16,704
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 17.16	\$ 16.70	\$ 17.81
Series F Units	\$ 17.62	\$ 17.04	\$ 18.07

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 2,084,660	\$ 2,218,639
Interest for distribution purposes	55,016	101,853
Capital gains distributions received	—	79
Net realized gain (loss) on non-derivative financial assets	9,704,849	(21,526,481)
Net realized gain (loss) on currency forwards	(812,884)	(698,801)
Net realized gain (loss) on swap contracts	441,703	26,099
Net gain (loss) foreign exchange	8,841	(77,308)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(4,045,521)	13,983,006
Change in unrealized appreciation (depreciation) of currency forwards	101,033	38,640
Change in unrealized appreciation (depreciation) of swap contracts	(425,770)	131,023
Change in unrealized appreciation (depreciation) of accumulator contracts	(21,844)	—
Net gain (loss) on investments	<u>7,090,083</u>	<u>(5,803,251)</u>
Securities lending	40,403	39,042
Net realized (gain) loss foreign exchange on cash	740,184	51,501
Other income	<u>2,849</u>	<u>1,576</u>
Total income (loss)	<u>7,873,519</u>	<u>(5,711,132)</u>
EXPENSES		
Management fees (note 5)	2,408,063	2,346,680
Administration fees (note 6)	64,643	—
Harmonized Sales Tax/Goods and Services Tax	256,932	258,052
Audit fees	3,679	5,528
Independent Review Committee fees	255	217
Custodian fees	7,458	8,657
Filing fees	12,154	18,500
Legal fees	406	616
Unitholder reporting costs	17,902	23,746
Unitholder administration and service fees	80,210	138,029
Overdraft charges	25	917
Foreign withholding taxes/tax reclaims	20,787	21,039
Transaction costs	225,141	215,231
Total expenses	<u>3,097,655</u>	<u>3,037,212</u>
Absorbed expenses	<u>(2,087)</u>	<u>(2,321)</u>
Net expenses	<u>3,095,568</u>	<u>3,034,891</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 4,777,951</u>	<u>\$ (8,746,023)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 4,777,825	\$ (8,731,046)
Series F Units	\$ 126	\$ (14,977)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.76	\$ (1.22)
Series F Units	\$ 0.06	\$ (2.17)
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	6,307,424	7,178,421
Series F Units	2,005	6,912

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

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

Scotia Resource Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$112,549,439	\$135,962,183
Series F Units	34,836	301,718
	<u>112,584,275</u>	<u>136,263,901</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	4,777,825	(8,731,046)
Series F Units	126	(14,977)
	<u>4,777,951</u>	<u>(8,746,023)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	13,132,203	11,201,528
Series F Units	2,390	3,869
Payments on redemption		
Series A Units	(27,659,873)	(25,883,226)
Series F Units	(17,575)	(255,774)
	<u>(14,542,855)</u>	<u>(14,933,603)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(9,749,845)	(23,412,744)
Series F Units	(15,059)	(266,882)
	<u>(9,764,904)</u>	<u>(23,679,626)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	102,799,594	112,549,439
Series F Units	19,777	34,836
	<u>\$102,819,371</u>	<u>\$112,584,275</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 4,777,951	\$ (8,746,023)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(9,704,849)	21,526,481
Net unrealized (gain) loss foreign exchange on cash	(758,027)	(47,525)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	4,045,521	(13,983,006)
Change in unrealized (appreciation) depreciation of forward currency contracts	(101,033)	(38,640)
Change in unrealized (appreciation) depreciation of swap contracts	425,770	(131,023)
Change in unrealized (appreciation) depreciation of accumulator contracts	21,844	–
Purchases of non-derivative financial assets	(81,647,712)	(63,193,859)
Proceeds from sale of non-derivative financial assets	108,939,191	81,296,741
Transaction costs	225,141	215,231
Accrued investment income	13,826	70,095
Net cash provided by (used in) operating activities	<u>26,237,623</u>	<u>16,968,472</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	13,133,408	11,184,717
Amounts paid on redemption of redeemable units	(27,705,311)	(26,048,332)
Net cash provided by (used in) financing activities	<u>(14,571,903)</u>	<u>(14,863,615)</u>
Net unrealized (gain) loss foreign exchange on cash	758,027	47,525
Net increase (decrease) in cash	11,665,720	2,104,857
Cash (Bank Indebtedness) at beginning of period	6,544,357	4,391,975
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 18,968,104</u>	<u>\$ 6,544,357</u>
Interest received(1)	55,309	101,847
Dividends received, net of withholding taxes(1)	2,077,405	2,267,702

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 78.6%			
CANADIAN EQUITIES – 56.5%			
Energy – 37.1%			
73,227	ARC Resources Ltd.	1,936,911	1,842,391
144,000	Canadian Energy Services & Technology Corporation	1,290,876	914,400
58,700	Canadian Natural Resources Ltd.	2,093,340	2,108,504
75,050	Crescent Point Energy Corp.	3,185,517	2,019,596
64,122	Enbridge Inc.	2,321,066	3,830,648
3,148,750	Fission Uranium Corp.	4,681,188	2,707,925
50,165	Gibson Energy Inc.	923,395	1,363,986
35,408	Inter Pipeline Ltd.	697,853	1,272,564
62,456	Pembina Pipeline Corporation	1,904,502	2,644,387
48,700	PrairieSky Royalty Ltd.	1,453,135	1,490,220
225,200	Seven Generations Energy Ltd. Restricted*	3,082,712	3,938,748
95,592	Suncor Energy, Inc.	3,092,826	3,527,345
199,826	Total Cda Oil & Gas	2,411,629	1,538,660
49,300	Tourmaline Oil Corp.	2,123,164	1,907,910
52,885	TransCanada Corporation	2,031,798	3,019,734
40,729	Vermilion Energy, Inc.	1,942,834	2,321,553
151,200	Whitecap Resources, Inc.	1,452,656	1,729,728
		<u>36,625,402</u>	<u>38,178,299</u>
Materials – 19.4%			
50,848	Agnico-Eagle Mines Limited	1,845,782	1,470,524
125,000	Alpha Minerals Inc. Warrants Apr. 25, 2015*	–	119,025
250,000	B2Gold Corporation	594,108	475,000
305,400	Canexus Corp.	2,130,108	995,604
100,000	Detour Gold Corporation	1,142,802	949,000
60,000	Franco-Nevada Corporation	3,623,545	3,432,600
704,592	HudBay Minerals, Inc.	7,582,618	7,130,469
380,256	HudBay Minerals, Inc. Warrants \$1.76 Jul. 20, 2018	805,382	395,466
525,000	Lundin Mining Corporation	2,930,840	3,003,000
17,000	Methanex Corporation	1,083,317	907,290
274,900	Reservoir Minerals Inc.	1,580,675	1,088,604
		<u>23,319,177</u>	<u>19,966,582</u>
	TOTAL CANADIAN EQUITIES	<u>59,944,579</u>	<u>58,144,881</u>
FOREIGN EQUITIES – 22.1%			
United States – 11.0%			
Energy – 4.1%			
20,900	EOG Resources, Inc.	2,062,639	2,233,101
21,500	Kinder Morgan Inc/Delaware	978,382	1,055,663
42,000	Memorial Resource Development Corporation	1,097,952	878,798
		<u>4,138,973</u>	<u>4,167,562</u>
Materials – 6.9%			
348	Dow Chemical Company, The	20,626	18,410
55,000	Randgold Resources Ltd. ADR	4,285,658	4,302,598
86,000	Southern Copper Corporation	2,897,030	2,814,437
		<u>7,203,314</u>	<u>7,135,445</u>
	TOTAL UNITED STATES EQUITIES	<u>11,342,287</u>	<u>11,303,007</u>
Australia – 9.0%			
50,000	BHP Billiton Limited ADR	3,732,010	2,745,735
2,000,000	Northern Star Resources Ltd.	2,264,668	2,832,671
1,150,000	Sirius Resources NL	3,181,179	2,738,659
260,000	Western Areas NL	1,275,048	911,020
		<u>10,452,905</u>	<u>9,228,085</u>
United Kingdom – 2.1%			
400,000	Glencore Xstrata PLC	2,134,151	2,136,541
		<u>2,134,151</u>	<u>2,136,541</u>
	TOTAL FOREIGN EQUITIES	<u>12,587,056</u>	<u>11,364,626</u>
	TOTAL EQUITIES	<u>83,873,922</u>	<u>80,812,514</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Resource Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares/ Ounces	Issuer	Average Cost (\$)	Carrying Value (\$)
COMMODITIES – 2.7%			
2,026	Gold Bullion	3,502,081	2,785,417
	TOTAL INVESTMENT PORTFOLIO	87,376,003	83,597,931
	Currency Forward Contracts – 0.1%		112,596
	Accumulator Contracts – (0.0%)		(21,844)
	Swap Contracts – (0.3%)		(294,747)
	OTHER ASSETS, LESS LIABILITIES – 18.9%		19,425,435
	NET ASSETS – 100.0%		102,819,371

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	British Pound	336,000	Canadian Dollar	610,259	609,845	(2,118)
Jan. 15, 2015	British Pound	73,000	Canadian Dollar	129,192	129,104	2,931
Jan. 15, 2015	Canadian Dollar	3,887,982	Australian Dollar	3,951,000	3,744,562	143,419
Jan. 15, 2015	Canadian Dollar	264,257	Australian Dollar	280,000	265,370	(1,113)
Jan. 15, 2015	Canadian Dollar	3,160,782	U.S. Dollar	2,795,000	3,246,640	(85,858)
Jan. 15, 2015	U.S. Dollar	2,795,000	Canadian Dollar	3,204,725	3,201,736	41,852
Feb. 18, 2015	Canadian Dollar	1,989,897	British Pound	1,091,000	1,976,413	13,483
						112,596

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A by Standard & Poor's.

Scotia Resource Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO EQUITY SWAP CONTRACTS

Number of Units	Termination Date	Notional Amount (\$)	Variable Rate %	Appreciation/ (Depreciation) (\$)
Plains All American Pipeline, Variable 1 month USD – LIBOR, Counterparty: Toronto-Dominion Bank, The				
100	May. 08, 2015	5,145	0.98%	(24)
1,300	Nov. 16, 2015	66,885	0.56%	(290)
1,400	Nov. 17, 2015	74,004	0.56%	(2,556)
8,800	Nov. 18, 2015	471,592	0.56%	(24,128)
400	Nov. 25, 2015	21,664	0.60%	(1,331)
4,800	Dec. 01, 2015	238,273	0.61%	9,230
900	Dec. 02, 2015	45,139	0.61%	1,195
300	Dec. 02, 2015	15,046	0.61%	398
1,000	Dec. 03, 2015	50,982	0.61%	369
1,700	Dec. 07, 2015	86,447	0.61%	889
Enterprise Products Partners, Variable 1 month USD – LIBOR, Counterparty: Toronto-Dominion Bank, The				
1,600	May. 01, 2014	59,744	0.56%	(2,296)
4,200	Aug. 15, 2014	156,828	0.56%	(6,025)
5,600	Apr. 29, 2015	209,104	0.56%	(8,034)
3,400	Apr. 30, 2015	126,956	0.56%	(4,878)
10,800	May. 04, 2015	403,272	0.56%	(15,494)
800	May. 04, 2015	29,872	0.56%	(1,148)
800	May. 06, 2015	29,872	0.56%	(1,148)
11,000	May. 07, 2015	410,740	0.56%	(15,781)
1,600	May. 08, 2015	59,744	0.56%	(2,296)
2,800	May. 18, 2015	104,552	0.56%	(4,017)
7,600	May. 29, 2015	283,784	0.56%	(10,903)
3,400	Jun. 01, 2015	126,956	0.56%	(4,878)
3,600	Aug. 03, 2015	134,424	0.56%	(5,164)
3,400	Aug. 04, 2015	126,956	0.56%	(4,878)
13,660	Aug. 04, 2015	510,064	0.56%	(19,597)
10,340	Aug. 05, 2015	386,096	0.56%	(14,834)
5,000	Aug. 13, 2015	186,700	0.56%	(7,173)
2,600	Aug. 14, 2015	97,084	0.56%	(3,730)
100	Aug. 24, 2015	3,734	0.56%	(144)
3,900	Oct. 14, 2015	145,626	0.56%	(5,595)
S&P 500 Energy Total Return Index, Variable 1 month USD – LIBOR, Counterparty: Goldman Sachs International				
(4,725)	Nov. 30, 2015	4,383,016	0.26%	(9,507)
(4,725)	Dec. 09, 2015	4,278,566	0.26%	(130,979)
				<u>(294,747)</u>

The swap contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of A by Standard & Poor's.

ACCUMULATOR CONTRACTS

Outstanding Number of Units	Termination date	Currency	Current Notional Amount	Strike Price	Knock-Out Price	Unrealized Gain(Loss)
Dow Chemical Company, The, Counterparty: Toronto-Dominion Bank, The						
3,393	Mar. 4, 2015	USD	173,281	51.07	56.63	<u>(21,844)</u>

The accumulator contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of AA- by Standard & Poor's.

Scotia Resource Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is aggressive long-term capital growth. It invests primarily in equity securities of Canadian resource based companies, including companies that operate in the oil and gas, gold and precious metals, metals and minerals, and forest products industries.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$112,327,390	\$135,590,077
Revaluation of Investments at FVTPL	256,885	673,824
Net assets attributable to holders of redeemable units	\$112,584,275	\$136,263,901

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$(8,329,084)
Revaluation of Investments at FVTPL	(416,939)
Increase (decrease) in net assets attributable to holders of redeemable units	\$(8,746,023)

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in swap contracts, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$80,742 or approximately 0.1% (December 31, 2013 – \$24,447 or approximately 0.0%, January 1, 2013 – nil). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	28,954,118	28.2	2,895,412	2.8
Australian Dollar	2,494,224	2.4	249,422	0.2
British Pound	899,077	0.9	89,908	0.1
Total	32,347,419	31.5	3,234,742	3.1

Scotia Resource Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
U.S. Dollar	22,932,880	20.4	2,293,288	2.0
British Pound	1,676,900	1.5	167,690	0.1
Australian Dollar	298,640	0.3	29,864	0.0
Total	24,908,421	22.2	2,490,842	2.1

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
U.S. Dollar	5,508,035	4.0	550,803	0.4
Australian Dollar	4,026,718	3.0	402,672	0.3
Total	9,534,752	7.0	953,475	0.7

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 81.3% (December 31, 2013 – 96.9%, January 1, 2013 – 96.6%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$8,359,793 (December 31, 2013 – \$10,887,762, January 1, 2013 – \$13,095,177). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$152,837	\$ –	\$160,074	\$ –	\$132,220
Unrealized loss accumulator contracts	–	21,844	–	–	–	–
Unrealized loss currency forward contracts	–	89,090	–	37,588	–	27,077
Unrealized loss swap contracts	–	294,747	–	–	–	–
Redeemable units	102,819,371	–	112,584,275	–	136,263,901	–
	\$102,819,371	\$558,518	\$112,584,275	\$197,662	\$136,263,901	\$159,297

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

vi) Concentration risk

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

Scotia Resource Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	37.1	47.4	42.7
Materials	19.4	17.9	41.9
Industrials	–	1.5	–
Foreign Equities	22.1	23.9	8.5
Commodities	2.7	3.2	3.5
Currency Forward Contracts	0.1	0.0	0.0
Swap Contracts	(0.3)	0.1	–
Accumulator Contracts	0.0	–	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$ 71,679,132	\$ 8,618,891	\$ –	\$ 80,298,023
Warrants	395,466	119,025	–	514,491
Commodities	–	2,785,417	–	2,785,417
Currency Forward Contracts–Assets	–	201,686	–	201,686
	72,074,598	11,725,019	–	83,799,617
Currency Forward Contracts–Liabilities	–	(89,090)	–	(89,090)
Swap Contracts–Liabilities	–	(294,747)	–	(294,747)
Accumulator–Liabilities	–	(21,844)	–	(21,844)
	–	(405,681)	–	(405,681)
	\$ 72,074,598	\$ 11,319,338	\$ –	\$ 83,393,936

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 95,339,048	\$ 4,257,843	\$ 2,240,000	\$ 101,836,891
Commodities	–	3,621,054	–	3,621,054
Warrants	–	311,250	–	311,250
Currency Forward Contracts–Assets	–	49,151	–	49,151
Swap Contracts–Assets	–	131,023	–	131,023
	95,339,048	8,370,321	2,240,000	105,949,369
Currency Forward Contracts–Liabilities	–	(37,588)	–	(37,588)
	\$ 95,339,048	\$ 8,332,733	\$ 2,240,000	\$ 105,911,781

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 122,893,428	\$ 4,026,718	\$ –	\$ 126,920,146
Commodities	–	4,705,440	–	4,705,440
Warrants	–	10	–	10
	122,893,428	8,732,168	–	131,625,596
Currency Forward Contracts–Liabilities	–	(27,077)	–	(27,077)
	\$ 122,893,428	\$ 8,705,091	\$ –	\$ 131,598,519

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia Resource Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Reconciliation of Level 3 Financial Instruments

The following tables presents the movement in the Fund's Level 3 financial instruments for the periods ended at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014	December 31, 2013	January 1, 2013
Beginning of period	\$ 2,240,000	\$ –	\$ –
Purchases	842,712	2,240,000	–
Sales	–	–	–
Transfers into Level 3	–	–	–
Transfers out of Level 3	(3,082,712)	–	–
Net realized gains (losses)	–	–	–
Net change in unrealized appreciation (depreciation)*	–	–	–
End of period	\$ –	\$2,240,000	\$ –

The significant transfer out is related to a private company becoming a public company during the course of the year.

* Net change in unrealized appreciation (depreciation) for Level 3 financial instruments held as at December 31, 2014, December 31, 2013 and January 1, 2013, was \$0, \$0 and nil, respectively.

Level 3 Valuation Techniques

The significant unobservable inputs and valuation techniques used to determine the fair value measurements categorized in Level 3 are indicated below:

Valuation Technique		Significant Unobservable Input	December 31, 2014	December 31, 2013	January 1, 2013
Equities	Financing	Financing price	\$ –	\$2,240,000	\$ –
			\$ –	\$2,240,000	\$ –

The significant unobservable inputs used in the valuation techniques used to estimate the fair values of level 3 investments can vary considerably over time to time depending on company specific factors and economic or market conditions. A 10% increase or decrease in the results of applying these valuation techniques, with all other variables held consistent, would have resulted in an increase or decrease, respectively, in net assets of nil (December 31, 2013 – \$224,000, January 1, 2013 – nil).

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$201,686	\$(89,090)	\$ –	\$112,596
Swap contracts	–	–	–	–
Total	\$201,686	\$(89,090)	\$ –	\$112,596

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 89,090	\$(89,090)	\$ –	\$ –
Swap contracts	294,747	–	–	294,747
Total	\$383,837	\$(89,090)	\$ –	\$294,747

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

Scotia Resource Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 49,151	\$(11,311)	\$ –	\$ 37,840
Swap contracts	131,023	–	–	131,023
Total	\$180,174	\$(11,311)	\$ –	\$168,863

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 37,588	\$(11,311)	\$ –	\$ 26,277
Swap contracts	–	–	–	–
Total	\$ 37,588	\$(11,311)	\$ –	\$ 26,277

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 27,077	\$ –	\$ –	\$ 27,077
Swap contracts	–	–	–	–
Total	\$ 27,077	\$ –	\$ –	\$ 27,077

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	17.14	17.16	16.68	16.70
Series F	17.60	17.62	17.02	17.04

Scotia Private Real Estate Income Pool

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$165,806,084	\$112,831,476	\$18,227,976
Unrealized gain on currency forward contracts	55,538	110,903	—
Cash	23,981,247	10,178,406	29,096,561
Accrued investment income	757,849	448,587	44,999
Receivable for securities sold	137,728	—	—
Subscriptions receivable	322,807	208,905	101,290
	<u>191,061,253</u>	<u>123,778,277</u>	<u>47,470,826</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	1,360,105
Distributions payable	31,037	15,386	16
Redemptions payable	180,844	110,980	21,779
Unrealized loss on currency forward contracts	59	49,167	—
	<u>211,940</u>	<u>175,533</u>	<u>1,381,900</u>
Net Assets attributable to holders of redeemable units	<u>\$190,849,313</u>	<u>\$123,602,744</u>	<u>\$46,088,926</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	\$ 488,597	\$ —	\$ —
Series M Units	<u>\$190,360,716</u>	<u>\$123,602,744</u>	<u>\$46,088,926</u>
UNITS OUTSTANDING			
Series I Units	48,169	—	—
Series M Units	<u>16,859,711</u>	<u>13,091,922</u>	<u>4,576,648</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	\$ 10.14	\$ —	\$ —
Series M Units	<u>\$ 11.29</u>	<u>\$ 9.44</u>	<u>\$ 10.07</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 4,861,023	\$ 1,663,192
Interest for distribution purposes	1,569,868	517,446
Capital gains distributions received	230,826	88,522
Net realized gain (loss) on non-derivative financial assets	5,141,780	412,975
Net realized gain (loss) on currency forwards	(2,062,627)	(792,551)
Net gain (loss) foreign exchange	(4,273)	51,939
Change in unrealized appreciation (depreciation) of non-derivative financial assets	24,493,495	(2,238,682)
Change in unrealized appreciation (depreciation) of currency forwards	(6,257)	61,736
Net gain (loss) on investments	<u>34,223,835</u>	<u>(235,423)</u>
Securities lending	60,507	3,109
Net realized (gain) loss foreign exchange on cash	281,948	3,281
Total income (loss)	<u>34,566,290</u>	<u>(229,033)</u>
EXPENSES		
Management fees (note 5)	236,054	112,593
Administration fees (note 6)	38,045	—
Harmonized Sales Tax/Goods and Services Tax	30,596	14,010
Audit fees	3,308	3,137
Independent Review Committee fees	311	68
Custodian fees	3,319	3,905
Filing fees	7,378	18,745
Legal fees	465	225
Unitholder reporting costs	4,251	6,140
Unitholder administration and service fees	11,631	11,896
Overdraft charges	—	22
Foreign withholding taxes/tax reclaims	345,668	173,857
Transaction costs	216,491	225,454
Total expenses	<u>897,517</u>	<u>570,052</u>
Absorbed expenses	(201)	(5)
Net expenses	<u>897,316</u>	<u>570,047</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$33,668,974</u>	<u>\$ (799,080)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	\$ 5,867	\$ —
Series M Units	<u>\$33,663,107</u>	<u>\$ (799,080)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	\$ 0.24	\$ —
Series M Units	<u>\$ 2.23</u>	<u>\$ (0.10)</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	24,193	—
Series M Units	<u>15,077,169</u>	<u>7,742,510</u>

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

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

Scotia Private Real Estate Income Pool (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series M Units	\$ 123,602,744	\$ 46,088,926
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	5,867	–
Series M Units	33,663,107	(799,080)
	<u>33,668,974</u>	<u>(799,080)</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(783)	–
Series M Units	(5,786,278)	(1,806,046)
From realized gain		
Series I Units	(10)	–
Series M Units	(74,563)	–
Return of capital		
Series I Units	(969)	–
Series M Units	(219,603)	(1,476,481)
	<u>(6,082,206)</u>	<u>(3,282,527)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	482,730	–
Series M Units	58,540,330	101,848,481
Reinvested distributions		
Series I Units	1,761	–
Series M Units	5,783,771	3,197,125
Payments on redemption		
Series M Units	(25,148,791)	(23,450,181)
	<u>39,659,801</u>	<u>81,595,425</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	488,597	–
Series M Units	66,757,972	77,513,818
	<u>67,246,569</u>	<u>77,513,818</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	488,597	–
Series M Units	190,360,716	123,602,744
	<u>\$ 190,849,313</u>	<u>\$ 123,602,744</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 33,668,974	\$ (799,080)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(5,141,780)	(412,975)
Net unrealized (gain) loss foreign exchange on cash	(265,833)	–
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(24,493,495)	2,238,682
Change in unrealized (appreciation) depreciation of forward currency contracts	6,257	(61,736)
Purchases of non-derivative financial assets	(94,908,386)	(140,500,042)
Proceeds from sale of non-derivative financial assets	71,214,834	42,485,276
Transaction costs	216,491	225,454
Accrued investment income	(309,262)	(403,588)
Net cash provided by (used in) operating activities	<u>(20,012,200)</u>	<u>(97,228,009)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	58,909,158	101,740,866
Amounts paid on redemption of redeemable units	(25,078,927)	(23,360,980)
Distributions to unitholders of redeemable units	(281,023)	(70,032)
Net cash provided by (used in) financing activities	<u>33,549,208</u>	<u>78,309,854</u>
Net unrealized (gain) loss foreign exchange on cash	265,833	–
Net increase (decrease) in cash	13,537,008	(18,918,155)
Cash (Bank Indebtedness) at beginning of period	10,178,406	29,096,561
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 23,981,247</u>	<u>\$ 10,178,406</u>
Interest received(1)	1,569,791	521,416
Dividends received, net of withholding taxes(1)	4,206,170	1,081,777

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 86.9%			
CANADIAN EQUITIES – 41.5%			
86,600	Allied Properties Real Estate Investment Trust	2,870,511	3,242,304
284,000	Arts Real Estate Investment Trust	4,328,472	4,027,120
80,100	Boardwalk Real Estate Investment Trust	4,777,016	4,929,354
246,000	Calloway Real Estate Investment Trust	6,163,008	6,715,800
248,200	Canadian Apartment Properties Real Estate Investment Trust	5,199,252	6,237,266
133,100	Canadian Real Estate Investment Trust	5,693,467	6,094,649
377,339	Chartwell Seniors Housing Real Estate Investment Trust	3,657,918	4,494,107
336,375	CT Real Estate Investment Trust	3,360,619	4,140,776
410,000	Dream Global Real Estate Investment Trust	3,782,800	3,513,700
172,000	First Capital Realty, Inc.	3,046,655	3,209,520
53,100	H&R Real Estate Investment Trust	1,127,895	1,153,863
280,500	InterRent Real Estate Investment Trust	1,614,329	1,680,195
310,000	Leisureworld Senior Care Corp.	4,039,269	4,336,900
477,500	Milestone Apartments Real Estate Investment Trust	4,466,864	5,835,050
231,124	Morguard North American Residential Real Estate Investment Trust	2,382,549	2,315,862
294,246	Morguard Real Estate Investment Trust	4,882,778	5,343,507
675,000	Pure Industrial Real Estate Trust	3,036,854	2,997,000
337,549	RioCan Real Estate Investment Trust	8,678,997	8,921,421
	TOTAL CANADIAN EQUITIES	<u>73,109,253</u>	<u>79,188,394</u>
FOREIGN EQUITIES – 45.4%			
Australia – 1.7%			
323,960	Scentre Group	2,829,900	1,069,830
260,000	Westfield Corporation	1,755,571	2,207,636
		<u>4,585,471</u>	<u>3,277,466</u>
United States – 43.7%			
26,200	AvalonBay Communities, Inc.	3,675,265	4,968,939
33,700	Boston Properties, Inc.	3,845,720	5,032,904
140,100	Brixmor Property Group Inc.	3,574,099	4,041,065
80,000	Duke Realty Corporation	1,223,292	1,875,363
84,000	Empire State Realty Trust, Inc.	1,154,108	1,713,729
34,000	Equity Residential Real Estate Investment Trust	2,120,132	2,835,569
26,800	Extra Space Storage Inc.	1,274,767	1,823,781
24,000	Federal Realty Investment Trust	3,227,066	3,717,117
131,200	General Growth Properties, Inc.	2,825,217	4,282,994
34,900	Health Care Real Estate Investment Trust, Inc.	2,306,598	3,064,736
34,000	Kilroy Realty Corporation	1,960,678	2,726,668
40,300	LaSalle Hotel Properties	1,245,465	1,892,702
22,200	Macerich Company, The	1,876,119	2,147,992
131,000	Paramount Group Inc.	2,657,889	2,833,747
132,900	ProLogis	5,616,790	6,636,517
16,200	Public Storage Real Estate Investment Trust	2,791,656	3,476,881
144,600	Retail Opportunity Investments Corp.	2,151,967	2,817,493
44,300	Simon Property Group, Inc.	7,200,451	9,372,816
18,000	Sovran Self Storage Inc.	1,488,702	1,821,933
43,000	Taubman Centers Inc.	3,740,535	3,814,959
57,000	Ventas, Inc.	3,745,696	4,743,826
29,400	Vornado Realty Trust Real Estate Investment Trust	2,881,986	4,016,613
88,400	Weyerhaeuser Company	2,950,706	3,681,880
		<u>65,534,904</u>	<u>83,340,224</u>
	TOTAL FOREIGN EQUITIES	<u>70,120,375</u>	<u>86,617,690</u>
	TOTAL INVESTMENT PORTFOLIO	<u>143,229,628</u>	<u>165,806,084</u>
	Currency Forward Contracts – 0.0%		55,479
	OTHER ASSETS, LESS LIABILITIES – 13.1%		<u>24,987,750</u>
	NET ASSETS – 100.0%		<u>190,849,313</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Private Real Estate Income Pool (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan 15, 2015	Canadian Dollar	1,505,597	Australian Dollar	1,530,000	1,450,058	55,538
Jan 15, 2015	Canadian Dollar	575,225	Australian Dollar	607,000	575,285	(59)
					2,025,343	55,479

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A by Standard & Poor's.

Scotia Private Real Estate Income Pool

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund investment objective aims to achieve a high level of total investment return, consisting of income and capital gains. It invests primarily in equity and debt securities of real estate assets located anywhere in the world.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$123,422,915	\$46,059,424
Revaluation of Investments at FVTPL	179,829	29,502
Net assets attributable to holders of redeemable units	\$123,602,744	\$46,088,926

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$(949,407)
Revaluation of Investments at FVTPL	150,327
Increase (decrease) in net assets attributable to holders of redeemable units	\$(799,080)

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest Rate Risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
Australian Dollar	1,252,123	0.7	125,212	0.1
US Dollar	93,019,293	48.7	9,301,929	4.9
Total	94,271,416	49.4	9,427,141	5.0

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	39,831,798	32.2	3,983,180	3.2
European Euro	561,644	0.5	56,164	0.0
Australian Dollar	411,721	0.3	41,172	0.0
Total	40,805,163	33.0	4,080,516	3.2

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

Scotia Private Real Estate Income Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	January 1, 2013	
			Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	3,555,465	7.7	355,547	0.8
Australian Dollar	1,973,795	4.3	197,379	0.4
British Pound	888,644	1.9	88,864	0.2
Total	6,417,904	13.9	641,790	1.4

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 86.9% (December 31, 2013 – 91.3%, January 1, 2013 – 39.5%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$16,580,608 (December 31, 2013 – \$11,265,165, January 1, 2013 – \$1,819,847). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$211,881	\$ –	\$126,366	\$ –	\$1,381,900
Unrealized loss on currency forward contracts	–	59	–	49,167	–	–
Redeemable units	190,849,313	–	123,602,744	–	46,088,926	–
	\$190,849,313	\$211,940	\$123,602,744	\$175,533	\$46,088,926	\$1,381,900

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities	41.5	48.6	25.6
Foreign Equities	45.4	42.7	13.9
Currency Forward Contracts	0.0	0.1	–

Scotia Private Real Estate Income Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$162,528,618	\$3,277,466	\$ –	\$165,806,084
Currency Forward Contracts–Assets	–	55,538	–	55,538
	162,528,618	3,333,004	–	165,861,622
Currency Forward Contracts–Liabilities	–	(59)	–	(59)
	\$162,528,618	\$3,332,945	\$ –	\$165,861,563

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$109,740,331	\$3,091,145	\$ –	\$112,831,476
Currency Forward Contracts–Assets	–	110,903	–	110,903
	109,740,331	3,202,048	–	112,942,379
Currency Forward Contracts–Liabilities	–	(49,167)	–	(49,167)
	\$109,740,331	\$3,152,881	\$ –	\$112,893,212

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 15,365,537	\$2,862,439	\$ –	\$ 18,227,976

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

As at January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

December 31, 2014				
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 55,538	\$ (59)	\$ –	\$55,479
Swap contracts	–	–	–	–
Total	\$ 55,538	\$ (59)	\$ –	\$55,479

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 59	\$ (59)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 59	\$ (59)	\$ –	\$ –

December 31, 2013				
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$110,903	\$(40,644)	\$ –	\$70,259
Swap contracts	–	–	–	–
Total	\$110,903	\$(40,644)	\$ –	\$70,259

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 49,167	\$(40,644)	\$ –	\$ 8,523
Swap contracts	–	–	–	–
Total	\$ 49,167	\$(40,644)	\$ –	\$ 8,523

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

Scotia Private Real Estate Income Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series I	10.14	10.14	—	—
Series M	11.29	11.29	9.44	9.44

Scotia Private North American Dividend Pool

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$80,080,956	\$69,377,985	\$66,202,398
Unrealized gain on currency forward contracts	10,752	62,155	—
Cash	5,659,594	1,872,142	2,387,629
Accrued investment income	176,915	175,786	157,533
Subscriptions receivable	385,554	19,536	—
	<u>86,313,771</u>	<u>71,507,604</u>	<u>68,747,560</u>
LIABILITIES			
Current liabilities			
Redemptions payable	177,587	61,037	96,584
Unrealized loss on currency forward contracts	127,792	85,257	—
	<u>305,379</u>	<u>146,294</u>	<u>96,584</u>
Net Assets attributable to holders of redeemable units	<u>\$86,008,392</u>	<u>\$71,361,310</u>	<u>\$68,650,976</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series M Units	<u>\$86,008,392</u>	<u>\$71,361,310</u>	<u>\$68,650,976</u>
UNITS OUTSTANDING			
Series M Units	<u>6,854,699</u>	<u>6,259,984</u>	<u>7,396,603</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series M Units	<u>\$ 12.55</u>	<u>\$ 11.40</u>	<u>\$ 9.28</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$2,328,395	\$ 1,963,397
Interest for distribution purposes	21,643	4,439
Net realized gain (loss) on non-derivative financial assets	3,720,756	4,198,819
Net realized gain (loss) on currency forwards	(657,678)	130,696
Net gain (loss) foreign exchange	(12,562)	(9,273)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	3,924,938	9,805,580
Change in unrealized appreciation (depreciation) of currency forwards	(93,938)	(23,102)
Net gain (loss) on investments	<u>9,231,554</u>	<u>16,070,556</u>
Securities lending	1,385	3,428
Net realized (gain) loss foreign exchange on cash	<u>98,996</u>	<u>87,220</u>
Total income (loss)	<u>9,331,935</u>	<u>16,161,204</u>
EXPENSES		
Management fees (note 5)	74,811	68,135
Administration fees (note 6)	14,346	—
Harmonized Sales Tax/Goods and Services Tax	11,799	9,789
Audit fees	1,586	1,790
Independent Review Committee fees	153	121
Custodian fees	3,251	3,138
Filing fees	9,658	14,165
Legal fees	232	343
Unitholder reporting costs	3,841	5,668
Unitholder administration and service fees	5,569	9,041
Overdraft charges	18	226
Foreign withholding taxes/tax reclaims	105,216	102,130
Transaction costs	29,159	60,850
Total expenses	<u>259,639</u>	<u>275,396</u>
Net expenses	<u>259,639</u>	<u>275,396</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$9,072,296</u>	<u>\$15,885,808</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series M Units	<u>\$9,072,296</u>	<u>\$15,885,808</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series M Units	<u>\$ 1.47</u>	<u>\$ 2.40</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series M Units	<u>6,153,281</u>	<u>6,611,153</u>

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

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

Scotia Private North American Dividend Pool (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series M Units	\$ 71,361,310	\$ 68,650,976
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series M Units	9,072,296	15,885,808
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series M Units	(2,135,100)	(1,768,018)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series M Units	19,899,387	5,385,692
Reinvested distributions		
Series M Units	2,024,199	1,678,648
Payments on redemption		
Series M Units	(14,213,700)	(18,471,796)
	7,709,886	(11,407,456)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series M Units	14,647,082	2,710,334
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series M Units	\$ 86,008,392	\$ 71,361,310

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 9,072,296	\$ 15,885,808
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(3,720,756)	(4,198,819)
Net unrealized (gain) loss foreign exchange on cash	(101,716)	(88,942)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(3,924,938)	(9,805,580)
Change in unrealized (appreciation) depreciation of forward currency contracts	93,938	23,102
Purchases of non-derivative financial assets	(18,961,953)	(27,804,913)
Proceeds from sale of non-derivative financial assets	15,875,517	38,572,875
Transaction costs	29,159	60,850
Accrued investment income	(1,129)	(18,253)
Net cash provided by (used in) operating activities	(1,639,582)	12,626,128
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	19,533,369	5,366,156
Amounts paid on redemption of redeemable units	(14,097,150)	(18,507,343)
Distributions to unitholders of redeemable units	(110,901)	(89,370)
Net cash provided by (used in) financing activities	5,325,318	(13,230,557)
Net unrealized (gain) loss foreign exchange on cash	101,716	88,942
Net increase (decrease) in cash	3,685,736	(604,430)
Cash (Bank Indebtedness) at beginning of period	1,872,142	2,387,629
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	\$ 5,659,594	\$ 1,872,142
Interest received(1)	15,830	5,817
Dividends received, net of withholding taxes(1)	2,227,863	1,841,636

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 93.1%			
CANADIAN EQUITIES – 49.4%			
Energy – 9.8%			
13,600	ARC Resources Ltd.	367,423	342,176
17,600	Baytex Energy Corporation	786,103	340,032
27,680	Canadian Natural Resources Ltd.	970,535	994,266
27,600	Cenovus Energy Inc.	922,854	661,572
19,500	Crescent Point Energy Corp.	808,085	524,745
26,400	Enbridge Inc.	1,196,350	1,577,136
10,500	Mullen Group Limited	237,122	223,755
39,540	Suncor Energy, Inc.	1,718,244	1,459,026
31,600	TransCanada Corporation	1,117,105	1,804,359
8,500	Vermilion Energy, Inc.	448,177	484,500
		8,571,998	8,411,567
Materials – 2.6%			
3,500	Agrium Inc.	362,023	385,000
28,240	Goldcorp, Inc.	1,154,660	607,442
18,530	Potash Corporation of Saskatchewan Inc.	813,346	761,027
30,470	Teck Resources Ltd., Class B	961,752	483,864
		3,291,781	2,237,333
Industrials – 3.5%			
16,500	Black Diamond Group Ltd.	353,119	210,210
31,040	Canadian National Railway Company	1,013,206	2,483,819
13,000	Finning International Inc.	401,072	327,990
		1,767,397	3,022,019
Consumer Discretionary – 5.9%			
23,000	Aimia Inc.	357,007	336,030
3,000	AutoCanada Inc.	234,000	133,500
9,920	Canadian Tire Corporation, Limited, Class A	980,926	1,217,581
4,200	Magna International Inc.	177,557	528,738
16,700	News Corporation, Class A	275,106	304,077
25,500	Shaw Communications, Inc., Class B	587,307	799,425
38,410	Thomson Reuters Corporation	1,384,720	1,800,277
		3,996,623	5,119,628
Consumer Staples – 1.6%			
13,900	Loblaw Companies Limited	637,324	864,163
14,860	Saputo Inc.	271,868	518,911
		909,192	1,383,074
Health Care – 2.4%			
15,400	Catamaran Corporation	764,435	925,848
6,700	Valeant Pharmaceuticals International, Inc.	572,968	1,114,411
		1,337,403	2,040,259
Financials – 20.4%			
18,900	Bank of Montreal	1,200,603	1,553,202
26,800	Bank of Nova Scotia, The	1,733,923	1,777,108
12,000	Brookfield Asset Management Inc., Class A	510,938	698,640
22,120	Canadian Imperial Bank of Commerce	1,594,056	2,208,461
13,490	Intact Financial Corporation	538,429	1,131,137
55,780	Manulife Financial Corporation	1,144,897	1,237,200
7,800	National Bank of Canada	245,211	385,632
39,960	Power Corporation of Canada	1,154,486	1,269,130
39,520	Royal Bank of Canada	1,880,941	3,171,085
30,610	Sun Life Financial Inc.	1,065,221	1,283,171
50,520	Toronto-Dominion Bank, The	1,680,800	2,804,363
		12,749,505	17,519,129
Telecommunication Services – 3.2%			
22,020	BCE Inc.	780,366	1,173,226
34,880	Rogers Communications, Inc., Class B	1,363,151	1,575,530
		2,143,517	2,748,756
	TOTAL CANADIAN EQUITIES	34,767,416	42,481,765

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Private North American Dividend Pool (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
UNITED STATES EQUITIES – 43.7%				UNITED STATES EQUITIES (cont'd)			
Energy – 3.6%				Financials – 7.9%			
5,400	Anadarko Petroleum Corporation	493,405	517,001	7,500	Aflac, Inc.	381,663	531,711
4,000	Chevron Corporation	512,431	520,738	4,800	Chubb Corporation, The	366,278	576,368
11,600	Exxon Mobil Corporation	1,005,107	1,244,338	7,000	Cincinnati Financial Corporation	289,586	421,040
8,420	Occidental Petroleum Corporation	776,422	787,525	21,000	Citigroup Inc.	969,298	1,319,050
		<u>2,787,365</u>	<u>3,069,602</u>	20,300	Fifth Third Bancorp	344,607	479,996
Materials – 1.7%				5,300	Franklin Resources, Inc.	269,051	340,561
8,500	E.I. du Pont de Nemours and Company	420,359	729,114	40	SPDR S&P 500 ETF Put Options \$197.00 Jan. 17, 2015	17,677	3,969
13,000	Nucor Corporation	625,601	739,991	15,400	JPMorgan Chase & Co.	739,038	1,118,676
		<u>1,045,960</u>	<u>1,469,105</u>	13,870	U.S. Bancorp	348,026	723,519
Industrials – 5.7%				20,220	Wells Fargo & Company	575,282	1,286,365
4,400	Boeing Company, The	623,664	663,549			<u>4,300,506</u>	<u>6,801,255</u>
8,300	Danaher Corporation	592,133	825,569	Information Technology – 7.3%			
39,140	General Electric Company	623,255	1,147,810	11,230	Agilent Technologies, Inc.	465,803	533,546
6,990	Honeywell International Inc.	491,005	810,700	5,005	Apple Inc.	284,545	641,119
5,200	Stanley Black & Decker Inc.	475,027	579,652	8,190	Automatic Data Processing, Inc.	527,350	792,387
6,400	Union Pacific Corporation	657,097	884,800	585	Google Inc. Class A	375,266	360,260
		<u>3,462,181</u>	<u>4,912,080</u>	585	Google Inc. Class C	–	357,368
Consumer Discretionary – 5.9%				1,680	International Business Machines Corporation	285,805	312,799
13,460	Comcast Corporation, Class A	710,035	906,133	5,615	Keysight Technologies Inc.	194,537	220,280
4,900	DIRECTV	260,490	493,014	5,500	MasterCard, Inc., Class A	451,726	550,096
2,700	Home Depot Inc., The	326,936	328,844	14,800	Microsoft Corporation	496,921	797,795
6,930	McDonald's Corporation	615,453	753,558	15,500	Oracle Corporation	583,945	808,907
13,100	Target Corporation	903,366	1,154,022	10,100	QUALCOMM, Inc.	664,819	871,223
5,900	VF Corporation	225,029	512,835			<u>4,330,717</u>	<u>6,245,780</u>
10,830	Viacom Inc., Class B	626,640	945,755	Telecommunication Services – 0.5%			
		<u>3,667,949</u>	<u>5,094,161</u>	11,900	AT&T Inc.	418,470	463,875
Consumer Staples – 3.2%					TOTAL UNITED STATES EQUITIES	26,550,083	37,599,191
10,480	CVS Caremark Corporation	626,180	1,171,323		TOTAL INVESTMENT PORTFOLIO	61,317,499	80,080,956
8,750	Philip Morris International Inc.	763,214	827,071		Currency Forward Contracts – (0.1%)		(117,040)
6,935	Procter & Gamble Company, The	449,492	733,298		OTHER ASSETS, LESS LIABILITIES – 7.0%		6,044,476
		<u>1,838,886</u>	<u>2,731,692</u>		NET ASSETS – 100.0%		<u>86,008,392</u>
Health Care – 7.9%							
10,800	Abbott Laboratories	380,416	564,252				
15,900	AbbVie Inc.	629,937	1,207,492				
8,000	Bristol-Myers Squibb Company	459,748	547,894				
7,500	Cardinal Health, Inc.	433,966	702,782				
3,110	Johnson & Johnson	212,926	377,408				
9,400	Medtronic, Inc.	596,936	787,606				
8,800	Merck & Co., Inc.	398,296	579,961				
41,780	Pfizer Inc.	1,136,690	1,510,325				
8,000	Teva Pharmaceutical Industries Ltd. ADR	449,134	533,921				
		<u>4,698,049</u>	<u>6,811,641</u>				

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	4,983,198	U.S. Dollar	4,400,000	5,110,990	(127,792)
Feb. 18, 2015	Canadian Dollar	3,383,865	U.S. Dollar	2,900,000	3,373,113	10,752
						<u>(117,040)</u>

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Private North American Dividend Pool

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to earn dividend income while providing long-term capital appreciation. It invests primarily in companies located in Canada and the United States.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$71,329,801	\$68,588,105
Revaluation of Investments at FVTPL	31,509	62,871
Net assets attributable to holders of redeemable units	\$71,361,310	\$68,650,976

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$15,917,170
Revaluation of Investments at FVTPL	(31,362)
Increase (decrease) in net assets attributable to holders of redeemable units	\$15,885,808

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
US Dollar	29,711,485	34.5	2,971,149	3.5
Total	29,711,485	34.5	2,971,149	3.5

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	23,203,177	32.5	2,320,318	3.3
Total	23,203,177	32.5	2,320,318	3.3

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

Scotia Private North American Dividend Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	January 1, 2013	
			Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	27,947,588	40.7	2,794,759	4.1
Total	27,947,588	40.7	2,794,759	4.1

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 93.1% (December 31, 2013 – 97.2%, January 1, 2013 – 96.4%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$8,008,096 (December 31, 2013 – \$6,934,648, January 1, 2013 – \$6,613,953). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$177,587	\$ –	\$ 61,037	\$ –	\$96,584
Unrealized loss on currency forward contracts		127,792		85,257		–
Redeemable units	86,008,392	–	71,361,310	–	68,650,976	–
	\$86,008,392	\$305,379	\$71,361,310	\$146,294	\$68,650,976	\$96,584

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

Scotia Private North American Dividend Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	9.8	12.6	15.1
Materials	2.6	3.1	9.3
Industrials	3.5	3.8	3.3
Consumer Discretionary	5.9	4.3	4.0
Consumer Staples	1.6	2.2	2.2
Health Care	2.4	1.9	0.6
Financials	20.4	20.8	19.7
Telecommunication Services	3.2	4.7	3.1
United States Equities			
Index Units	–	0.0	0.0
Energy	3.6	3.2	2.9
Materials	1.7	1.7	0.8
Industrials	5.7	4.7	4.3
Consumer Discretionary	5.9	6.3	7.6
Consumer Staples	3.2	2.9	4.1
Health Care	7.9	7.4	5.8
Financials	7.9	8.3	5.5
Information Technology	7.3	7.9	7.1
Telecommunication Services	0.5	1.4	1.0
Currency Forward Contracts	(0.1)	(0.0)	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$80,076,987	\$ –	\$ –	\$80,076,987
Options	3,969	–	–	3,969
Currency Forward Contracts–Assets	–	10,752	–	10,752
	80,080,956	10,752	–	80,091,708
Currency Forward Contracts–Liabilities	–	(127,792)	–	(127,792)
	\$80,080,956	\$(117,040)	\$ –	\$79,963,916

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$69,375,361	\$ –	\$ –	\$69,375,361
Currency Spot Contracts–Assets	–	62,155	–	62,155
Options (Put)	2,624	–	–	2,624
	69,377,985	62,155	–	69,440,140
Currency Forward Contracts–Liabilities	–	(85,257)	–	(85,257)
	2,624	(85,257)	–	(82,633)
	\$69,377,985	\$(23,102)	\$ –	\$69,354,883

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$66,190,457	\$ –	\$ –	\$66,190,457
Options (Put)	11,941	–	–	11,941
	\$66,202,398	\$ –	\$ –	\$66,202,398

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia Private North American Dividend Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

As at January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 10,752	\$ –	\$ –	\$ 10,752
Swap contracts	–	–	–	–
Total	\$ 10,752	\$ –	\$ –	\$ 10,752

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$127,792	\$ –	\$ –	\$127,792
Swap contracts	–	–	–	–
Total	\$127,792	\$ –	\$ –	\$127,792

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 62,155	\$(61,581)	\$ –	\$ 574
Swap contracts	–	–	–	–
Total	\$ 62,155	\$(61,581)	\$ –	\$ 574

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 85,257	\$(61,581)	\$ –	\$ 23,676
Swap contracts	–	–	–	–
Total	\$ 85,257	\$(61,581)	\$ –	\$ 23,676

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series M	12.55	12.55	11.40	11.40

Scotia U.S. Dividend Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$146,966,222	\$123,497,781	\$68,742,124
Unrealized gain on currency spot contracts	—	1,003	—
Unrealized gain on currency forward contracts	—	—	17,119
Cash	26,951,323	11,209,023	23,074,261
Accrued investment income	110,957	152,544	106,588
Receivable for securities sold	—	4,024,270	—
Subscriptions receivable	164,403	117,978	12,100
	<u>174,192,905</u>	<u>139,002,599</u>	<u>91,952,192</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	1,895,192	205,299
Redemptions payable	6,101	—	—
Unrealized loss on currency spot contracts	—	—	467
Unrealized loss on currency forward contracts	—	192,924	—
	<u>6,101</u>	<u>2,088,116</u>	<u>205,766</u>
Net Assets attributable to holders of redeemable units	<u>\$174,186,804</u>	<u>\$136,914,483</u>	<u>\$91,746,426</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$ 36,339,248	\$ 17,900,529	\$ 531,034
Series I Units	<u>\$137,847,556</u>	<u>\$119,013,954</u>	<u>\$91,215,392</u>
UNITS OUTSTANDING			
Series A Units	2,679,876	1,402,081	52,171
Series I Units	<u>10,041,724</u>	<u>9,237,322</u>	<u>8,948,215</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 13.56	\$ 12.77	\$ 10.18
Series I Units	<u>\$ 13.73</u>	<u>\$ 12.88</u>	<u>\$ 10.19</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 3,629,523	\$ 2,825,887
Interest for distribution purposes	261,450	179,299
Capital gains distributions received	(3,601)	4,262
Net realized gain (loss) on non-derivative financial assets	23,779,695	6,941,235
Net realized gain (loss) on currency forwards	(4,083,264)	(1,638,613)
Net gain (loss) foreign exchange	31,404	(43,272)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	3,176,497	25,351,681
Change in unrealized appreciation (depreciation) of currency spots	(1,003)	1,470
Change in unrealized appreciation (depreciation) of currency forwards	192,924	(210,043)
Net gain (loss) on investments	<u>26,983,625</u>	<u>33,411,906</u>
Securities lending	404	716
Net realized (gain) loss foreign exchange on cash	670,611	(83,441)
Other income	1,418	794
Total income (loss)	<u>27,656,058</u>	<u>33,329,975</u>
EXPENSES		
Management fees (note 5)	520,360	183,072
Administration fees (note 6)	42,266	—
Harmonized Sales Tax/Goods and Services Tax	54,109	19,828
Audit fees	3,338	4,729
Independent Review Committee fees	322	185
Custodian fees	3,152	4,549
Filing fees	10,102	18,477
Legal fees	492	534
Unitholder reporting costs	6,068	7,158
Unitholder administration and service fees	18,063	19,201
Overdraft charges	—	205
Foreign withholding taxes/tax reclaims	575,892	472,853
Transaction costs	191,052	259,491
Total expenses	<u>1,425,216</u>	<u>990,282</u>
Absorbed expenses	(104)	(10)
Net expenses	<u>1,425,112</u>	<u>990,272</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$26,230,946</u>	<u>\$32,339,703</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 4,433,225	\$ 2,328,960
Series I Units	<u>\$21,797,721</u>	<u>\$30,010,743</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 2.10	\$ 2.84
Series I Units	<u>\$ 2.28</u>	<u>\$ 3.43</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	2,110,653	818,892
Series I Units	<u>9,540,166</u>	<u>8,745,021</u>

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

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

Scotia U.S. Dividend Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 17,900,530	\$ 531,034
Series I Units	119,013,954	91,215,392
	<u>136,914,484</u>	<u>91,746,426</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	4,433,225	2,328,960
Series I Units	21,797,721	30,010,743
	<u>26,230,946</u>	<u>32,339,703</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(59,802)	(109,031)
Series I Units	(2,494,822)	(2,177,343)
From realized gain		
Series A Units	(2,908,640)	(587,631)
Series I Units	(11,177,821)	(4,092,994)
	<u>(16,641,085)</u>	<u>(6,966,999)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	18,892,099	16,779,055
Series I Units	33,193,207	3,937,800
Reinvested distributions		
Series A Units	2,956,791	688,942
Series I Units	13,672,643	6,270,337
Payments on redemption		
Series A Units	(4,874,955)	(1,730,800)
Series I Units	(36,157,326)	(6,149,981)
	<u>27,682,459</u>	<u>19,795,353</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	18,438,718	17,369,495
Series I Units	18,833,602	27,798,562
	<u>37,272,320</u>	<u>45,168,057</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	36,339,248	17,900,529
Series I Units	137,847,556	119,013,954
	<u>\$174,186,804</u>	<u>\$136,914,483</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 26,230,946	\$ 32,339,703
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(23,779,695)	(6,941,235)
Net unrealized (gain) loss foreign exchange on cash	(730,146)	(10,885)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(3,176,497)	(25,351,681)
Change in unrealized (appreciation) depreciation of forward currency contracts	(192,924)	210,043
Change in unrealized (appreciation) depreciation of currency spot contracts	1,003	(1,470)
Purchases of non-derivative financial assets	(198,932,772)	(124,365,413)
Proceeds from sale of non-derivative financial assets	204,358,550	99,308,803
Transaction costs	191,052	259,491
Accrued investment income	41,587	(45,956)
Net cash provided by (used in) operating activities	<u>4,011,104</u>	<u>(24,598,600)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	52,038,881	20,610,977
Amounts paid on redemption of redeemable units	(41,026,180)	(7,880,781)
Distributions to unitholders of redeemable units	(11,651)	(7,719)
Net cash provided by (used in) financing activities	<u>11,001,050</u>	<u>12,722,477</u>
Net unrealized (gain) loss foreign exchange on cash	730,146	10,885
Net increase (decrease) in cash	15,012,154	(11,876,123)
Cash (Bank Indebtedness) at beginning of period	11,209,023	23,074,261
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 26,951,323</u>	<u>\$ 11,209,023</u>
Interest received(1)	327,144	185,588
Dividends received, net of withholding taxes(1)	2,901,721	2,300,788

(1) Classified as operating items.

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

Scotia U.S. Dividend Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 84.4%			
Energy – 5.2%			
70,000	Plains All American Pipeline LP	4,220,722	4,173,436
50,000	Schlumberger Limited	5,008,169	4,955,901
		<u>9,228,891</u>	<u>9,129,337</u>
Industrials – 14.3%			
10,000	3M Co.	964,601	1,907,276
25,000	Honeywell International Inc.	2,277,588	2,899,501
24,000	Lockheed Martin Corporation	4,460,781	5,364,141
50,000	Norfolk Southern Corporation	5,401,770	6,360,102
6,000	Ryder System, Inc.	313,139	646,513
25,000	Union Pacific Corporation	2,243,964	3,456,249
15,000	United Parcel Service, Inc., Class B	1,377,533	1,935,186
8,000	W.W. Grainger, Inc.	2,134,195	2,366,392
		<u>19,173,571</u>	<u>24,935,360</u>
Consumer Discretionary – 4.0%			
45,000	Allison Transmission Holdings Inc.	1,684,320	1,771,382
25,300	H&R Block, Inc.	936,838	988,864
20,000	Home Depot Inc., The	1,788,720	2,435,883
20,000	Viacom Inc., Class B	1,828,969	1,746,548
		<u>6,238,847</u>	<u>6,942,677</u>
Consumer Staples – 16.0%			
35,000	Anheuser-Busch InBev SPN ADR	3,832,427	4,559,911
17,000	Kimberly-Clark Corporation	1,799,859	2,278,339
80,000	Kroger Co., The	3,354,956	5,961,239
50,000	Procter & Gamble Company, The	4,384,369	5,286,933
18,000	Wal-Mart Stores, Inc.	1,502,706	1,794,256
90,000	Walgreens Boots Alliance Inc	6,677,686	7,943,020
		<u>21,552,003</u>	<u>27,823,698</u>
Health Care – 14.3%			
70,000	AbbVie Inc.	3,522,833	5,316,003
8,000	Amgen Inc.	808,580	1,478,844
9,000	Becton, Dickinson and Company	768,146	1,453,452
38,000	Johnson & Johnson	3,498,732	4,611,419
51,000	Merck & Co., Inc.	2,434,809	3,361,135
10,000	Teleflex Incorporated	791,395	1,332,482
63,000	UnitedHealth Group Incorporated	5,607,432	7,390,820
		<u>17,431,927</u>	<u>24,944,155</u>
Financials – 22.4%			
120,000	Bank of New York Mellon Corporation, The	4,003,550	5,649,762
15,000	BlackRock, Inc.	4,326,759	6,221,597
175,000	Brookfield Property Partners LP (US)	3,975,338	4,632,413
43,000	Cullen/Frost Bankers Inc.	3,761,156	3,525,032
75,000	First Republic Bank	4,127,875	4,536,382
100,900	SunTrust Banks, Inc.	4,228,990	4,906,243
140,000	U.S. Bancorp	5,694,393	7,303,006
35,000	Wells Fargo & Company	2,033,892	2,226,645
		<u>32,151,953</u>	<u>39,001,080</u>
Information Technology – 4.0%			
30,000	Cisco Systems, Inc.	834,296	968,376
110,000	Microsoft Corporation	4,347,898	5,929,558
		<u>5,182,194</u>	<u>6,897,934</u>
Utilities – 4.2%			
150,000	Brookfield Infrastructure Partners LP	6,220,305	7,291,981
	TOTAL INVESTMENT PORTFOLIO	<u>117,179,691</u>	<u>146,966,222</u>
	OTHER ASSETS, LESS LIABILITIES – 15.6%		<u>27,220,582</u>
	NET ASSETS – 100.0%		<u><u>174,186,804</u></u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia U.S. Dividend Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective aims to achieve a high level of total investment return, consisting of dividend income and capital gains. It invests primarily in equity securities of U.S. companies that pay, or may be expected to pay, dividends.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$136,871,595	\$91,725,642
Revaluation of Investments at FVTPL	42,888	20,784
Net assets attributable to holders of redeemable units	\$136,914,483	\$91,746,426

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$32,317,598
Revaluation of Investments at FVTPL	22,105
Increase (decrease) in net assets attributable to holders of redeemable units	\$32,339,703

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	173,833,213	99.8	17,383,321	10.0
Total	173,833,213	99.8	17,383,321	10.0

Scotia U.S. Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
British Pound	1,553,752	1.1	155,375	0.1
European Euro	641,753	0.5	64,175	–
U.S. Dollar	61,293,895	44.8	6,129,389	4.5
Total	63,489,400	46.4	6,348,939	4.6

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	44,500,594	48.5	4,450,059	4.9
European Euro	3,270,260	3.6	327,026	0.4
British Pound	698,563	0.8	69,856	0.1
Total	48,469,417	52.9	4,846,941	5.4

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 84.4% (December 31, 2013 – 90.2%, January 1, 2013 – 75.0%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$14,696,622 (December 31, 2013 – \$12,345,489, January 1, 2013 – \$6,872,134). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$6,101	\$ –	\$1,895,192	\$ –	\$205,299
Unrealized loss on currency spot contracts	–	–	–	–	–	467
Unrealized loss on currency forward contracts	–	–	–	192,924	–	–
Redeemable units	174,186,804	–	136,914,483	–	91,746,426	–
	\$174,186,804	\$6,101	\$136,914,483	\$2,088,116	\$91,746,426	\$205,766

Scotia U.S. Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	–	1.9	2.2
Industrials	–	–	0.9
Financials	–	2.6	3.2
Utilities	4.2	–	0.7
United States Equities			
Energy	5.2	1.4	4.6
Materials	–	2.7	7.8
Industrials	14.3	16.4	11.5
Consumer Discretionary	4.0	5.8	4.2
Consumer Staples	16.0	6.6	3.5
Health Care	14.3	17.5	7.6
Financials	22.4	19.0	17.3
Information Technology	4.0	5.2	6.5
Utilities	–	–	–
Foreign Equities	–	11.1	5.0
Currency Spot Contracts	–	–	–
Currency Forward Contracts	–	(0.1)	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$146,966,222	\$ –	\$ –	\$146,966,222

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$118,789,812	\$4,707,969	\$ –	\$123,497,781
Currency Spot Contracts–Assets	1,003	–	–	1,003
	118,790,815	4,707,969	–	123,498,784
Currency Forward Contracts–Liabilities	–	(192,924)	–	(192,924)
	\$118,790,815	\$4,515,045	\$ –	\$123,305,860

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 64,773,302	\$3,968,822	\$ –	\$ 68,742,124
Currency Forward Contracts–Assets	–	17,119	–	17,119
	64,773,302	3,985,941	–	68,759,243
Currency Spot Contracts–Liabilities	(467)	–	–	(467)
	\$ 64,772,835	\$3,985,941	\$ –	\$ 68,758,776

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia U.S. Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$192,924	\$ –	\$ –	\$192,924
Swap contracts	–	–	–	–
Total	\$192,924	\$ –	\$ –	\$192,924

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 17,119	\$ –	\$ –	\$ 17,119
Swap contracts	–	–	–	–
Total	\$ 17,119	\$ –	\$ –	\$ 17,119

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	13.56	13.56	12.73	12.77
Series I	13.73	13.73	12.85	12.88

Scotia Private U.S. Dividend Pool

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$ 1,119,962,068	\$ 691,510,791	\$ 269,906,700
Unrealized gain on currency forward contracts	313,668	1,312,823	159,820
Cash	79,542,173	34,455,843	17,303,894
Accrued investment income	2,021,655	1,299,909	496,883
Subscriptions receivable	1,914,734	1,929,038	1,576,890
	<u>1,203,754,298</u>	<u>730,508,404</u>	<u>289,444,187</u>
LIABILITIES			
Current liabilities			
Distributions payable	—	—	1,422
Redemptions payable	900,143	309,665	75,685
Unrealized loss on currency spot contracts	155	1,196	2,410
Unrealized loss on currency forward contracts	3,981,876	1,340,144	318,114
	<u>4,882,174</u>	<u>1,651,005</u>	<u>397,631</u>
Net Assets attributable to holders of redeemable units	<u>\$ 1,198,872,124</u>	<u>\$ 728,857,399</u>	<u>\$ 289,046,556</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	\$ 142,133,841	\$ 28,694,385	\$ 5,354,814
Series M Units	<u>\$ 1,056,738,283</u>	<u>\$ 700,163,014</u>	<u>\$ 283,691,742</u>
UNITS OUTSTANDING			
Series I Units	8,809,895	2,028,814	515,689
Series M Units	<u>61,274,689</u>	<u>46,312,112</u>	<u>25,558,059</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	\$ 16.13	\$ 14.14	\$ 10.38
Series M Units	<u>\$ 17.25</u>	<u>\$ 15.12</u>	<u>\$ 11.10</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 30,034,544	\$ 12,398,654
Interest for distribution purposes	3,734	3,566
Net realized gain (loss) on non-derivative financial assets	42,758,007	20,782,467
Net realized gain (loss) on currency forwards	(16,628,398)	352,676
Net gain (loss) foreign exchange	(259,521)	75,037
Change in unrealized appreciation (depreciation) of non-derivative financial assets	107,218,542	134,241,128
Change in unrealized appreciation (depreciation) of currency spots	1,041	1,214
Change in unrealized appreciation (depreciation) of currency forwards	(3,640,887)	130,973
Net gain (loss) on investments	<u>159,487,062</u>	<u>167,985,715</u>
Securities lending	14,550	6,035
Net realized (gain) loss foreign exchange on cash	<u>4,439,528</u>	<u>1,526,612</u>
Total income (loss)	<u>163,941,140</u>	<u>169,518,362</u>
EXPENSES		
Management fees (note 5)	831,283	514,611
Administration fees (note 6)	87,351	—
Harmonized Sales Tax/Goods and Services Tax	103,894	62,211
Audit fees	19,656	19,178
Independent Review Committee fees	1,880	763
Custodian fees	6,942	6,786
Filing fees	4,046	22,756
Legal fees	2,793	2,244
Unitholder reporting costs	8,234	8,031
Unitholder administration and service fees	67,744	74,171
Overdraft charges	239	—
Foreign withholding taxes/tax reclaims	2,890,743	1,784,796
Transaction costs	557,869	383,256
Total expenses	<u>4,582,674</u>	<u>2,878,803</u>
Absorbed expenses	(363)	(1)
Net expenses	<u>4,582,311</u>	<u>2,878,802</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 159,358,829</u>	<u>\$ 166,639,560</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	\$ 20,413,182	\$ 4,899,343
Series M Units	<u>\$ 138,945,647</u>	<u>\$ 161,740,217</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	\$ 2.55	\$ 3.86
Series M Units	<u>\$ 2.66</u>	<u>\$ 4.20</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	8,006,477	1,269,213
Series M Units	<u>52,320,231</u>	<u>38,481,029</u>

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

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

Scotia Private U.S. Dividend Pool (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series I Units	\$ 28,694,385	\$ 5,354,814
Series M Units	700,163,014	283,691,742
	<u>728,857,399</u>	<u>289,046,556</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	20,413,182	4,899,343
Series M Units	138,945,647	161,740,217
	<u>159,358,829</u>	<u>166,639,560</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(3,318,093)	(303,717)
Series M Units	(21,984,074)	(8,728,946)
From realized gain		
Series I Units	–	(161,604)
Series M Units	–	(3,899,617)
	<u>(25,302,167)</u>	<u>(13,093,884)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	101,450,887	20,234,728
Series M Units	369,678,028	372,531,451
Reinvested distributions		
Series I Units	3,318,093	465,321
Series M Units	20,170,226	12,102,972
Payments on redemption		
Series I Units	(8,424,613)	(1,794,500)
Series M Units	(150,234,558)	(117,274,805)
	<u>335,958,063</u>	<u>286,265,167</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	113,439,456	23,339,571
Series M Units	356,575,269	416,471,272
	<u>470,014,725</u>	<u>439,810,843</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	142,133,841	28,694,385
Series M Units	1,056,738,283	700,163,014
	<u>\$1,198,872,124</u>	<u>\$ 728,857,399</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 159,358,829	\$ 166,639,560
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(42,758,007)	(20,782,467)
Net unrealized (gain) loss foreign exchange on cash	(4,574,268)	(1,554,184)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(107,218,542)	(134,241,128)
Change in unrealized (appreciation) depreciation of forward currency contracts	3,640,887	(130,973)
Change in unrealized (appreciation) depreciation of currency spot contracts	(1,041)	(1,214)
Purchases of non-derivative financial assets	(523,450,471)	(378,804,436)
Proceeds from sale of non-derivative financial assets	244,417,874	111,840,685
Transaction costs	557,869	383,256
Accrued investment income	(721,746)	(803,026)
Net cash provided by (used in) operating activities	<u>(270,748,616)</u>	<u>(257,453,927)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	471,143,219	392,414,031
Amounts paid on redemption of redeemable units	(158,068,693)	(118,835,325)
Distributions to unitholders of redeemable units	(1,813,848)	(527,014)
Net cash provided by (used in) financing activities	<u>311,260,678</u>	<u>273,051,692</u>
Net unrealized (gain) loss foreign exchange on cash	4,574,268	1,554,184
Net increase (decrease) in cash	40,512,062	15,597,765
Cash (Bank Indebtedness) at beginning of period	34,455,843	17,303,894
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 79,542,173</u>	<u>\$ 34,455,843</u>
Interest received(1)	3,792	3,607
Dividends received, net of withholding taxes(1)	26,421,997	9,810,791

(1) Classified as operating items.

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

Scotia Private U.S. Dividend Pool (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares/ Number of Contracts	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 93.4%				EQUITIES (cont'd)			
Energy – 9.1%				Health Care (cont'd)			
231,100	Anadarko Petroleum Corporation	21,996,934	22,125,740	173,600	Cardinal Health, Inc.	9,086,032	16,267,067
128,900	Chevron Corporation	15,293,738	16,780,785	203,900	Catamaran Corporation	10,940,451	12,245,358
258,700	Exxon Mobil Corporation	25,122,110	27,750,881	77,970	Johnson & Johnson	5,314,685	9,461,904
276,710	Occidental Petroleum Corporation	25,619,873	25,880,750	204,700	Medtronic, Inc.	11,616,688	17,151,375
161,100	Schlumberger Limited	14,650,123	15,967,913	196,500	Merck & Co., Inc.	9,021,932	12,950,255
		102,682,778	108,506,069	1,161,300	Pfizer Inc.	35,582,937	41,980,381
				231,000	Teva Pharmaceutical Industries Ltd. ADR	12,981,425	15,416,978
						148,318,413	196,851,966
Materials – 5.1%				Financials – 13.1%			
140,600	E.I. du Pont de Nemours and Company	6,700,623	12,060,403	173,100	Aflac, Inc.	8,369,531	12,271,880
270,900	International Paper Company	14,275,889	16,839,687	136,060	Chubb Corporation, The	10,937,598	16,337,621
105,400	Monsanto Company	12,826,865	14,608,242	481,600	Citigroup Inc.	22,965,415	30,250,203
314,800	Nucor Corporation	14,408,323	17,919,160	777,500	Fifth Third Bancorp	14,092,982	18,384,081
		48,211,700	61,427,492	230,700	Franklin Resources, Inc.	12,243,085	14,824,021
Industrials – 11.5%				414,400	JPMorgan Chase & Co.	20,511,226	30,102,551
92,600	Boeing Company, The	12,815,310	13,964,686	1,370	SPDR S&P 500 ETF Put Options \$197.00 Jan. 17, 2015	605,439	135,935
225,040	Danaher Corporation	14,287,048	22,383,867	389,200	U.S. Bancorp	15,183,535	20,302,356
809,800	General Electric Company	18,336,120	23,747,994	231,200	Wells Fargo & Company	7,728,436	14,708,581
202,840	Honeywell International Inc.	16,433,372	23,525,391			112,637,247	157,317,229
182,900	Pentair Ltd.	13,175,562	14,092,660	Information Technology – 16.5%			
177,200	Stanley Black & Decker Inc.	15,507,217	19,752,752	152,600	Apple Inc.	10,730,610	19,547,392
149,700	Union Pacific Corporation	9,844,279	20,696,021	212,140	Automatic Data Processing, Inc.	15,186,541	20,524,674
		100,398,908	138,163,371	720,400	EMC Corporation	20,515,867	24,875,829
Consumer Discretionary – 13.7%				10,000	Google Inc. Class A	9,096,128	6,158,292
418,210	Comcast Corporation, Class A	19,544,073	28,154,070	10,000	Google Inc. Class C	–	6,108,855
248,100	DIRECTV	19,570,188	24,962,597	70,400	International Business Machines Corporation	14,303,088	13,107,782
103,790	Home Depot Inc., The	7,785,843	12,641,013	172,200	Keysight Technologies Inc.	5,966,024	6,755,508
219,990	McDonald's Corporation	21,986,633	23,921,391	197,500	MasterCard, Inc., Class A	16,407,241	19,753,438
261,480	Target Corporation	16,119,832	23,034,637	376,190	Microsoft Corporation	14,417,089	20,278,549
201,800	VF Corporation	10,914,366	17,540,699	413,000	Oracle Corporation	14,735,304	21,553,452
389,800	Viacom Inc., Class B	29,522,500	34,040,211	243,400	QUALCOMM, Inc.	17,330,940	20,995,616
		125,443,435	164,294,618	224,100	Seagate Technology PLC	14,324,421	17,294,476
Consumer Staples – 6.9%						153,013,253	196,953,863
243,660	CVS Caremark Corporation	15,242,874	27,233,254	Telecommunication Services – 1.1%			
249,070	PepsiCo, Inc.	24,662,093	27,332,087	345,800	AT&T Inc.	13,292,293	13,479,659
268,610	Procter & Gamble Company, The	24,243,288	28,402,460			868,146,282	1,119,962,068
		64,148,255	82,967,801	TOTAL INVESTMENT PORTFOLIO			
Health Care – 16.4%							
195,300	Abbott Laboratories	6,989,642	10,203,558	Currency Spot Contracts – (0.0%)			
401,600	AbbVie Inc.	17,919,831	30,498,670	Currency Forward Contracts – (0.3%)			
344,400	Agilent Technologies, Inc.	16,857,706	16,362,697	OTHER ASSETS, LESS LIABILITIES – 6.9%			
209,000	Bristol-Myers Squibb Company	12,007,084	14,313,723	NET ASSETS – 100.0%			
							1,198,872,124

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 2, 2015	U.S. Dollar	775,394	Canadian Dollar	900,000	899,997	(155)

The currency spot contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	155,271,920	U.S. Dollar	137,100,000	159,253,795	(3,981,876)
Feb. 18, 2015	Canadian Dollar	98,715,510	U.S. Dollar	84,600,000	98,401,842	313,668
						(3,668,208)

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Private U.S. Dividend Pool

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a high level of total investment return, including dividend income and capital gains. It invests primarily in equity securities of U.S. companies that pay, or may be expected to pay, dividends.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of net assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$728,770,806	\$289,002,049
Revaluation of Investments at FVTPL	86,593	44,507
Net assets attributable to holders of redeemable units	\$728,857,399	\$289,046,556

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$166,597,475
Revaluation of Investments at FVTPL	42,085
Increase (decrease) in net assets attributable to holders of redeemable units	\$166,639,560

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
US Dollar	942,485,248	78.6	94,248,525	7.9

December 31, 2013				
Currency	Net Currency Exposure	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	522,392,770	71.7	52,239,277	7.2

Scotia Private U.S. Dividend Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	January 1, 2013	
			Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	257,950,327	89.2	25,795,033	8.9

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 93.4% (December 31, 2013 – 94.9%, January 1, 2013 – 93.4%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$111,996,207 (December 31, 2013 – \$69,142,420, January 1, 2013 – \$26,986,219). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ 900,143	\$ –	\$ 309,665	\$ –	\$ 77,107
Unrealized loss on currency spot contracts	–	3,981,876	–	1,196	–	2,410
Unrealized loss on currency forward contracts	–	155	–	1,340,144	–	318,114
Redeemable units	1,198,872,124	–	728,857,399	–	289,046,556	–
	\$1,198,872,124	\$4,882,174	\$728,857,399	\$1,651,005	\$289,046,556	\$397,631

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
United States Equities			
Energy	9.1	9.5	5.4
Materials	5.1	3.2	5.3
Industrials	11.5	11.0	14.2
Consumer Discretionary	13.7	14.4	15.2
Consumer Staples	6.9	8.1	12.7
Health Care	16.4	16.3	15.2
Financials	13.1	16.5	13.7
Information Technology	16.5	14.1	9.4
Telecommunications	1.1	1.8	1.5
Utilities	–	–	0.8
Currency Spot Contracts	–	–	–
Currency Forward Contracts	(0.3)	–	(0.1)

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

Scotia Private U.S. Dividend Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$1,119,826,133	\$ –	\$ –	\$1,119,826,133
Options	135,935	–	–	135,935
Currency Forward Contracts–Assets	–	313,668	–	313,668
	1,119,962,068	313,668	–	1,120,275,736
Currency Spot Contracts–Liabilities	(155)	–	–	(155)
Currency Forward Contracts–Liabilities	–	(3,981,876)	–	(3,981,876)
	(155)	(3,981,876)	–	(3,982,031)
	\$1,119,961,913	\$(3,668,208)	\$ –	\$1,116,293,705

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 691,453,364	\$ –	\$ –	\$ 691,453,364
Currency Forward Contracts–Assets	–	1,312,823	–	1,312,823
	691,453,364	1,312,823	–	692,766,187
Options (Put)	57,428	–	–	57,428
Currency Spot Contracts–Liabilities	(1,196)	–	–	(1,196)
Currency Forward Contracts–Liabilities	–	(1,340,144)	–	(1,340,144)
	56,232	(1,340,144)	–	(1,283,912)
	\$ 691,509,596	\$ (27,321)	\$ –	\$ 691,482,275

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 269,781,432	\$ –	\$ –	\$ 269,781,432
Currency Forward Contracts–Assets	–	159,820	–	159,820
	269,781,432	159,820	–	269,941,252
Options (Put)	125,268	–	–	125,268
Currency Spot Contracts–Liabilities	(2,410)	–	–	(2,410)
Currency Forward Contracts–Liabilities	–	(318,114)	–	(318,114)
	122,858	(318,114)	–	(195,256)
	\$ 269,904,290	\$ (158,294)	\$ –	\$ 269,745,996

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 313,668	\$ –	\$ –	\$ 313,668
Swap contracts	–	–	–	–
Total	\$ 313,668	\$ –	\$ –	\$ 313,668

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$3,981,876	\$ –	\$ –	\$3,981,876
Swap contracts	–	–	–	–
Total	\$3,981,876	\$ –	\$ –	\$3,981,876

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

Scotia Private U.S. Dividend Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$1,312,823	\$(1,277,224)	\$ –	\$ 35,599
Swap contracts	–	–	–	–
Total	\$1,312,823	\$(1,277,224)	\$ –	\$ 35,599

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$1,340,144	\$(1,277,224)	\$ –	\$ 62,920
Swap contracts	–	–	–	–
Total	\$1,340,144	\$(1,277,224)	\$ –	\$ 62,920

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 159,820	\$ –	\$ –	\$ 159,820
Swap contracts	–	–	–	–
Total	\$ 159,820	\$ –	\$ –	\$ 159,820

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 318,114	\$ –	\$ –	\$ 318,114
Swap contracts	–	–	–	–
Total	\$ 318,114	\$ –	\$ –	\$ 318,114

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series I	16.13	16.13	14.14	14.14
Series M	17.25	17.25	15.12	15.12

Scotia Private U.S. Equity Pool

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$350,693,312	\$458,058,562	\$476,117,126
Unrealized gain on currency forward contracts	—	—	205,719
Cash	14,456,307	10,395,058	25,495,225
Accrued investment income	379,516	354,393	295,443
Receivable for securities sold	—	—	12,760,530
Subscriptions receivable	476,351	541,212	667,069
	<u>366,005,486</u>	<u>469,349,225</u>	<u>515,541,112</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	9,405,497
Redemptions payable	509,948	257,672	1,729,951
Unrealized loss on currency forward contracts	—	—	45,091
	<u>509,948</u>	<u>257,672</u>	<u>11,180,539</u>
Net Assets attributable to holders of redeemable units	<u>\$365,495,538</u>	<u>\$469,091,553</u>	<u>\$504,360,573</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series I Units	\$ 5,627,368	\$158,070,741	\$ 84,251,694
Series M Units	<u>\$359,868,170</u>	<u>\$311,020,812</u>	<u>\$420,108,879</u>
UNITS OUTSTANDING			
Series I Units	540,784	14,569,468	10,368,524
Series M Units	<u>34,102,912</u>	<u>28,641,821</u>	<u>51,667,808</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series I Units	\$ 10.41	\$ 10.85	\$ 8.13
Series M Units	<u>\$ 10.55</u>	<u>\$ 10.86</u>	<u>\$ 8.13</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 6,459,759	\$ 7,099,840
Interest for distribution purposes	19,234	15,526
Net realized gain (loss) on non-derivative financial assets	75,615,500	112,348,456
Net realized gain (loss) on currency forwards	—	(11,479,744)
Net gain (loss) foreign exchange	600,202	1,333,805
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(31,353,195)	33,706,049
Change in unrealized appreciation (depreciation) of currency forwards	—	(160,628)
Net gain (loss) on investments	<u>51,341,500</u>	<u>142,863,304</u>
Securities lending	4,914	866
Net realized (gain) loss foreign exchange on cash	<u>865,492</u>	<u>738,942</u>
Total income (loss)	<u>52,211,906</u>	<u>143,603,112</u>
EXPENSES		
Management fees (note 5)	332,552	346,673
Administration fees (note 6)	25,330	—
Harmonized Sales Tax/Goods and Services Tax	43,886	45,943
Audit fees	7,755	15,355
Independent Review Committee fees	761	910
Custodian fees	6,172	9,856
Filing fees	10,238	16,700
Legal fees	1,194	2,497
Unitholder reporting costs	5,390	7,425
Unitholder administration and service fees	28,576	61,865
Overdraft charges	6	500
Foreign withholding taxes/tax reclaims	747,767	1,004,340
Transaction costs	<u>926,920</u>	<u>1,380,069</u>
Total expenses	<u>2,136,547</u>	<u>2,892,133</u>
Net expenses	<u>2,136,547</u>	<u>2,892,133</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 50,075,359</u>	<u>\$140,710,979</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series I Units	\$ 4,046,943	\$ 38,730,495
Series M Units	<u>\$ 46,028,416</u>	<u>\$101,980,484</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series I Units	\$ 1.72	\$ 2.94
Series M Units	<u>\$ 1.59</u>	<u>\$ 2.72</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series I Units	2,358,861	13,175,742
Series M Units	<u>28,974,118</u>	<u>37,510,169</u>

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

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

Scotia Private U.S. Equity Pool (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series I Units	\$ 158,070,741	\$ 84,251,694
Series M Units	311,020,812	420,108,879
	<u>469,091,553</u>	<u>504,360,573</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series I Units	4,046,943	38,730,495
Series M Units	46,028,416	101,980,484
	<u>50,075,359</u>	<u>140,710,979</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(83,183)	(2,390,964)
Series M Units	(5,157,250)	(4,285,676)
From realized gain		
Series I Units	(855,041)	–
Series M Units	(50,654,040)	–
	<u>(56,749,514)</u>	<u>(6,676,640)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series I Units	10,356,000	52,223,052
Series M Units	73,399,214	48,999,319
Reinvested distributions		
Series I Units	938,223	2,390,964
Series M Units	55,464,318	3,994,782
Payments on redemption		
Series I Units	(166,846,315)	(17,134,500)
Series M Units	(70,233,300)	(259,776,976)
	<u>(96,921,860)</u>	<u>(169,303,359)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series I Units	(152,443,373)	73,819,047
Series M Units	48,847,358	(109,088,067)
	<u>(103,596,015)</u>	<u>(35,269,020)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series I Units	5,627,368	158,070,741
Series M Units	359,868,170	311,020,812
	<u>\$ 365,495,538</u>	<u>469,091,553</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 50,075,359	\$ 140,710,979
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(75,615,500)	(112,348,456)
Net unrealized (gain) loss foreign exchange on cash	(1,096,137)	(666,053)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	31,353,195	(33,706,049)
Change in unrealized (appreciation) depreciation of forward currency contracts	–	160,628
Purchases of non-derivative financial assets	(731,051,669)	(1,078,283,625)
Proceeds from sale of non-derivative financial assets	881,752,304	1,244,371,658
Transaction costs	926,920	1,380,069
Accrued investment income	(25,123)	(58,950)
Net cash provided by (used in) operating activities	<u>156,319,349</u>	<u>161,560,201</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	83,820,075	101,348,228
Amounts paid on redemption of redeemable units	(236,827,339)	(278,383,755)
Distributions to unitholders of redeemable units	(346,973)	(290,895)
Net cash provided by (used in) financing activities	<u>(153,354,237)</u>	<u>(177,326,421)</u>
Net unrealized (gain) loss foreign exchange on cash	1,096,137	666,053
Net increase (decrease) in cash	2,965,112	(15,766,220)
Cash (Bank Indebtedness) at beginning of period	10,395,058	25,495,225
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 14,456,307</u>	<u>\$ 10,395,058</u>
Interest received(1)	19,191	15,983
Dividends received, net of withholding taxes(1)	5,686,912	6,036,092

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 96.0%			
Energy – 4.4%			
86,200	ConocoPhillips	7,126,498	6,908,404
169,800	Noble Energy, Inc.	10,604,085	9,346,194
		<u>17,730,583</u>	<u>16,254,598</u>
Materials – 5.4%			
46,900	Air Products and Chemicals, Inc.	6,901,247	7,847,327
53,400	Kirby Corporation	6,903,163	5,004,739
52,500	Martin Marietta Materials Inc.	7,367,096	6,721,365
		<u>21,171,506</u>	<u>19,573,431</u>
Industrials – 9.0%			
47,700	General Dynamics Corporation	6,095,378	7,619,434
139,500	ITT Corporation	6,250,452	6,550,041
56,500	Union Pacific Corporation	5,984,315	7,811,123
93,300	United Rental, Inc.	6,692,064	11,052,645
		<u>25,022,209</u>	<u>33,033,243</u>
Consumer Discretionary – 6.3%			
172,600	Comcast Corporation, Class A	9,953,133	11,619,503
102,900	Walt Disney Company, The	7,989,910	11,244,724
		<u>17,943,043</u>	<u>22,864,227</u>
Consumer Staples – 7.3%			
78,400	Costco Wholesale Corporation	10,090,971	12,896,832
122,600	CVS Caremark Corporation	9,665,254	13,702,688
		<u>19,756,225</u>	<u>26,599,520</u>
Health Care – 16.9%			
38,500	Actavis Inc.	8,778,314	11,511,576
106,400	Agilent Technologies, Inc.	6,682,135	5,055,142
46,700	McKesson Corporation	9,436,660	11,252,277
145,000	Medtronic, Inc.	10,051,301	12,149,240
154,700	Merck & Co., Inc.	10,012,787	10,195,443
79,700	Thermo Fisher Scientific, Inc.	10,232,414	11,590,121
		<u>55,193,611</u>	<u>61,753,799</u>
Financials – 21.8%			
31,100	Affiliated Managers Group, Inc.	6,645,502	7,656,620
180,100	Air Lease Corporation	6,409,134	7,170,977
66,800	American Express Company	5,509,808	7,211,408
116,000	American International Group, Inc.	6,838,148	7,539,933
64,000	Berkshire Hathaway Inc., Class B	9,961,772	11,151,909
126,800	Citigroup Inc.	6,769,857	7,964,547
63,200	Moody's Corporation	6,668,019	7,027,030
196,500	Morgan Stanley	5,560,248	8,851,279
122,000	Principal Financial Group, Inc.	6,766,259	7,353,696
119,300	Wells Fargo & Company	6,563,558	7,589,679
		<u>67,692,305</u>	<u>79,517,078</u>
Information Technology – 24.9%			
131,300	Apple Inc.	12,126,598	16,818,956
299,500	Applied Materials, Inc.	6,967,868	8,661,413
244,300	Cisco Systems, Inc.	6,524,662	7,885,812
291,500	Corning Incorporated	6,781,799	7,756,870
10,800	Google Inc. Class A	6,720,613	6,650,955
184,300	Hewlett-Packard Company	6,769,925	8,586,194
203,900	Keysight Technologies Inc.	7,074,184	7,999,117
199,000	Microsoft Corporation	8,592,193	10,727,109
65,000	SanDisk Corporation	6,937,996	7,390,855
67,100	Western Digital Corporation	6,668,092	8,620,135
		<u>75,163,930</u>	<u>91,097,416</u>
	TOTAL INVESTMENT PORTFOLIO	<u>299,673,412</u>	<u>350,693,312</u>
	OTHER ASSETS, LESS LIABILITIES – 4.0%		<u>14,802,226</u>
	NET ASSETS – 100.0%		<u>365,495,538</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Private U.S. Equity Pool

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of U.S. equity securities listed on major U.S. stock exchanges. The Fund may invest up to 10% of its assets in securities of companies located outside the U.S.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of net assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$469,021,112	\$504,277,131
Revaluation of Investments at FVTPL	70,441	83,442
Net assets attributable to holders of redeemable units	\$469,091,553	\$504,360,573

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$140,723,980
Revaluation of Investments at FVTPL	(13,001)
Increase (decrease) in net assets attributable to holders of redeemable units	\$140,710,979

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	363,566,628	99.5	36,356,663	9.9

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	466,450,229	99.4	46,645,023	9.9

Scotia Private U.S. Equity Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	January 1, 2013	
			Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	142,267,067	28.2	14,226,707	2.8

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 96.0% (December 31, 2013 – 97.6%, January 1, 2013 – 94.4%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$35,069,331 (December 31, 2013 – \$45,798,812, January 1, 2013 – \$47,603,368). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$509,948	\$ –	\$257,672	\$ –	\$11,135,448
Unrealized loss on currency forward contracts	–	–	–	–	–	45,091
Redeemable units	365,495,538	–	469,091,553	–	504,360,573	–
	\$365,495,538	\$509,948	\$469,091,553	\$257,672	\$504,360,573	\$11,180,539

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Energy	4.4	6.1	9.5
Materials	5.4	4.9	–
Industrials	9.0	19.1	11.6
Consumer Discretionary	6.3	8.4	15.4
Consumer Staples	7.3	3.7	11.4
Health Care	16.9	13.4	6.8
Financials	21.8	21.4	17.3
Information Technology	24.9	20.6	22.5

Scotia Private U.S. Equity Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$350,693,312	\$ –	\$ –	\$350,693,312

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$458,058,562	\$ –	\$ –	\$458,058,562

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$476,117,126	\$ –	\$ –	\$476,117,126
Currency Forward Contracts – Assets	–	205,719	–	205,719
	476,117,126	205,719	–	476,322,845
Currency Forward Contracts – Liabilities	–	(45,091)	–	(45,091)
	\$476,117,126	\$160,628	\$ –	\$476,277,754

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

As at December 31, 2014 and December 31, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$205,719	\$(45,091)	\$ –	\$160,628
Swap contracts	–	–	–	–
Total	\$205,719	\$(45,091)	\$ –	\$160,628

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 45,091	\$(45,091)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 45,091	\$(45,091)	\$ –	\$ –

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series I	10.41	10.41	10.85	10.85
Series M	10.55	10.55	10.86	10.86

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

Scotia U.S. Blue Chip Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$34,699,792	\$29,671,137	\$22,495,317
Commodities	—	—	691,470
Unrealized gain on currency forward contracts	27,166	474	—
Unrealized gain on swap contracts	4,074	118,033	—
Cash	1,845,507	2,936,536	2,447,138
Accrued investment income	38,829	32,485	15,033
Subscriptions receivable	31,306	29,949	5,901
	<u>36,646,674</u>	<u>32,788,614</u>	<u>25,654,859</u>
LIABILITIES			
Current liabilities			
Redemptions payable	25,981	16,705	7,799
Unrealized loss on currency forward contracts	38,366	76,382	98,984
	<u>64,347</u>	<u>93,087</u>	<u>106,783</u>
Net Assets attributable to holders of redeemable units	<u>\$36,582,327</u>	<u>\$32,695,527</u>	<u>\$25,548,076</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$36,582,024	\$32,695,527	\$25,548,076
Series F Units	\$ 303	\$ —	\$ —
UNITS OUTSTANDING			
Series A Units	3,757,635	3,887,064	4,002,872
Series F Units	31	—	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 9.74	\$ 8.41	\$ 6.38
Series F Units	\$ 9.75	\$ —	\$ —

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 450,689	\$ 439,119
Interest for distribution purposes	4,509	4,129
Net realized gain (loss) on non-derivative financial assets	3,161,649	1,621,989
Net realized gain (loss) on currency forwards	(606,640)	(781,178)
Net realized gain (loss) on swap contracts	255,032	375,252
Net gain (loss) foreign exchange	17,852	4,452
Change in unrealized appreciation (depreciation) of non-derivative financial assets	2,681,698	6,880,733
Change in unrealized appreciation (depreciation) of currency forwards	64,708	23,075
Change in unrealized appreciation (depreciation) of swap contracts	(113,959)	118,033
Net gain (loss) on investments	<u>5,915,538</u>	<u>8,685,604</u>
Securities lending	278	66
Net realized (gain) loss foreign exchange on cash	142,102	87,685
Other income	721	172
Total income (loss)	<u>6,058,639</u>	<u>8,773,527</u>
EXPENSES		
Management fees (note 5)	693,346	571,353
Administration fees (note 6)	31,872	—
Harmonized Sales Tax/Goods and Services Tax	85,732	74,738
Audit fees	745	915
Independent Review Committee fees	72	49
Custodian fees	1,057	3,021
Filing fees	10,015	13,511
Legal fees	111	139
Unitholder reporting costs	13,432	18,275
Unitholder administration and service fees	50,027	88,141
Overdraft charges	25	—
Foreign withholding taxes/tax reclaims	64,848	60,899
Transaction costs	18,843	25,600
Total expenses	<u>970,125</u>	<u>856,641</u>
Absorbed expenses	—	(38)
Net expenses	<u>970,125</u>	<u>856,603</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$5,088,514</u>	<u>\$7,916,924</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$5,088,509	\$7,916,924
Series F Units	\$ 5	\$ —
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.30	\$ 2.03
Series F Units	\$ 0.16	\$ —
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	3,900,249	3,900,425
Series F Units	31	—

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

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

Scotia U.S. Blue Chip Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$32,695,527	\$25,548,076
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	5,088,509	7,916,924
Series F Units	5	–
	<u>5,088,514</u>	<u>7,916,924</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	4,866,115	3,938,694
Series F Units	298	–
Payments on redemption		
Series A Units	(6,068,127)	(4,708,167)
	<u>(1,201,714)</u>	<u>(769,473)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	3,886,497	7,147,451
Series F Units	303	–
	<u>3,886,800</u>	<u>7,147,451</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	36,582,024	32,695,527
Series F Units	303	–
	<u>\$36,582,327</u>	<u>\$32,695,527</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 5,088,514	\$ 7,916,924
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(3,161,649)	(1,621,989)
Net unrealized (gain) loss foreign exchange on cash	(147,214)	(89,681)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(2,681,698)	(6,880,733)
Change in unrealized (appreciation) depreciation of forward currency contracts	(64,708)	(23,075)
Change in unrealized (appreciation) depreciation of swap contracts	113,959	(118,033)
Purchases of non-derivative financial assets	(14,777,964)	(13,000,581)
Proceeds from sale of non-derivative financial assets	15,573,813	14,993,351
Transaction costs	18,843	25,600
Accrued investment income	(6,344)	(17,452)
Net cash provided by (used in) operating activities	<u>(44,448)</u>	<u>1,184,331</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	4,865,056	3,914,646
Amounts paid on redemption of redeemable units	(6,058,851)	(4,699,261)
Net cash provided by (used in) financing activities	<u>(1,193,795)</u>	<u>(784,614)</u>
Net unrealized (gain) loss foreign exchange on cash	147,214	89,681
Net increase (decrease) in cash	(1,238,243)	399,717
Cash (Bank Indebtedness) at beginning of period	2,936,536	2,447,138
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 1,845,507</u>	<u>\$ 2,936,536</u>
Interest received(1)	4,665	3,943
Dividends received, net of withholding taxes(1)	379,341	360,954

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 94.8%			
United States – 90.8%			
Energy – 4.4%			
3,400	Chevron Corporation	281,062	442,627
11,400	Devon Energy Corporation	680,796	809,788
3,600	Schlumberger Limited	279,860	356,825
		<u>1,241,718</u>	<u>1,609,240</u>
Materials – 8.1%			
4,600	Aptargroup INRc	338,423	356,811
10,500	Ecobal Inc.	499,642	1,273,964
11,200	International Flavors & Fragrances Inc.	1,084,844	1,317,173
		<u>1,922,909</u>	<u>2,947,948</u>
Industrials – 13.5%			
19,400	Danaher Corporation	1,159,551	1,929,643
12,500	Pall Corporation	943,055	1,467,811
11,100	Union Pacific Corporation	569,119	1,534,575
		<u>2,671,725</u>	<u>4,932,029</u>
Consumer Discretionary – 12.0%			
17,400	Kate Spade & Company	655,275	646,366
1,782	Restaurant Brands International Inc.	74,359	80,735
8,800	Starbucks Corporation	702,249	837,925
12,900	Starwood Hotels & Resorts Worldwide, Inc.	635,244	1,213,651
14,900	Walt Disney Company, The	758,310	1,628,245
		<u>2,825,437</u>	<u>4,406,922</u>
Consumer Staples – 11.1%			
29,000	Coca-Cola Company, The	1,076,101	1,420,889
5,200	Costco Wholesale Corporation	507,068	855,402
15,700	Estee Lauder Companies Inc., The	968,066	1,388,349
10,835	Tootsie Roll Industries Inc.	309,029	385,393
		<u>2,860,264</u>	<u>4,050,033</u>
Health Care – 11.7%			
4,300	Cooper Companies, Inc., The	693,691	808,851
8,100	Thermo Fisher Scientific, Inc.	993,600	1,177,917
9,300	Valant Pharmaceuticals International, Inc.	1,159,356	1,544,532
14,800	Zoetis Inc.	723,172	738,712
		<u>3,569,819</u>	<u>4,270,012</u>
Financials – 11.2%			
23,500	American International Group, Inc.	1,109,981	1,527,486
29,100	Citigroup Inc.	1,161,961	1,827,826
11,700	Wells Fargo & Company	380,068	744,336
		<u>2,652,010</u>	<u>4,099,648</u>
Information Technology – 18.8%			
9,000	Adobe Systems Incorporated	492,774	759,313
17,200	Amphenol Corporation	628,344	1,074,077
2,400	Google Inc. Class C	891,739	1,466,125
35,900	Microsoft Corporation	957,208	1,935,192
5,400	Visa Inc.	386,258	1,643,124
		<u>3,356,323</u>	<u>6,877,831</u>
	TOTAL UNITED STATES EQUITIES	<u>21,100,205</u>	<u>33,193,663</u>
Canada – 0.0%			
18	Restaurant Brands International Limited Partnership	743	789
Ireland – 2.0%			
11,700	Allegion Public Limited Company	681,630	753,025
Switzerland – 2.0%			
7,000	Novartis AG ADR	672,174	752,315
	TOTAL INVESTMENT PORTFOLIO	<u>22,454,752</u>	<u>34,699,792</u>
	Currency Forward Contracts – (0.0%)		(11,200)
	Swap Contracts – 0.0%		4,074
	OTHER ASSETS, LESS LIABILITIES – 5.2%		1,889,661
	NET ASSETS – 100.0%		<u>36,582,327</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia U.S. Blue Chip Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	1,496,092	U.S. Dollar	1,321,000	1,534,459	(38,366)
Jan. 15, 2015	U.S. Dollar	586,000	Canadian Dollar	662,690	662,072	17,978
Feb. 18, 2015	Canadian Dollar	5,824,900	U.S. Dollar	5,000,000	5,815,712	9,188
						<u>(11,200)</u>

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

EQUITY SWAP CONTRACTS

Number of Units	Termination Date	Notional Amount (\$)	Variable Rate %	Appreciation/ (Depreciation) (\$)
Blackstone Group, Variable 1 month USD – LIBOR, Counterparty: Toronto-Dominion Bank, The				
1,600	Apr. 16, 2015	53,632	0.56%	549
1,000	Dec. 03, 2015	33,161	0.61%	762
13,100	Dec. 04, 2015	440,072	0.61%	3,409
4,400	Dec. 07, 2015	149,355	0.61%	(646)
				<u>4,074</u>

The swap contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of AA- by Standard & Poor's.

Scotia U.S. Blue Chip Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of U.S. equity securities.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$32,690,359	\$25,544,702
Revaluation of Investments at FVTPL	5,168	3,374
Net assets attributable to holders of redeemable units	\$32,695,527	\$25,548,076

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$7,915,130
Revaluation of Investments at FVTPL	1,794
Increase (decrease) in net assets attributable to holders of redeemable units	\$7,916,924

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in swap contracts, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$6,304 or approximately 0.0% (December 31, 2013 – \$N/A or approximately N/A, January 1, 2013 – \$N/A or approximately N/A). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	29,769,631	81.4	2,976,963	8.1
Total	29,769,631	81	2,976,963	8

Scotia U.S. Blue Chip Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	25,053,028	76.6	2,505,303	7.7
Swiss Franc	237,357	0.7	23,736	0.1
Total	25,290,385	77.3	2,529,039	7.8

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	7,462,455	29.2	746,245	2.9
Swiss Franc	190,377	0.7	19,038	0.1
Total	7,652,832	29.9	765,283	3.0

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 95.0% (December 31, 2013 – 94.2%, January 1, 2013 – 90.8%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$3,469,979 (December 31, 2013 – \$3,078,133, January 1, 2013 – \$2,318,341). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$25,981	\$ –	\$16,705	\$ –	\$ 7,799
Unrealized loss on currency forward contracts	–	38,366	–	76,382	–	98,984
Redeemable units	36,582,327	–	32,695,527	–	25,548,076	–
	\$36,582,327	\$64,347	\$32,695,527	\$93,087	\$25,548,076	\$106,783

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

Scotia U.S. Blue Chip Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	—	—	2.6
United States Equities			
Energy	4.4	8.0	5.2
Materials	8.1	5.1	4.2
Industrials	13.5	14.7	10.9
Consumer Discretionary	12.0	9.6	12.9
Consumer Staples	11.1	13.8	11.3
Health Care	11.7	4.4	10.7
Financials	11.2	12.7	8.6
Information Technology	18.8	18.7	16.3
Ireland	2.1	—	—
Denmark	—	0.9	—
Switzerland	2.1	2.9	2.7
United Kingdom	—	—	—
Commodities	—	—	2.7
Currency Forward Contracts	—	(0.2)	(0.4)
Swap Contracts	0.0	0.4	—

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$34,699,792	\$ —	\$ —	\$34,699,792
Currency Forward Contracts -Assets	—	27,166	—	27,166
Swap Contracts - Assets	—	4,720	—	4,720
	34,699,792	31,886	—	34,731,678
Currency Forward Contracts - Liabilities	—	(38,366)	—	(38,366)
Swap Contracts - Liabilities	—	(646)	—	(646)
	—	(39,012)	—	(39,012)
	\$34,699,792	\$ (7,126)	\$ —	\$34,692,666

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$28,731,022	\$ 940,115	\$ —	\$29,671,137
Currency Forward Contracts–Assets	—	474	—	474
Swap Contracts–Assets	—	118,033	—	118,033
	28,731,022	1,058,622	—	29,789,644
Currency Forward Contracts–Liabilities	—	(76,382)	—	(76,382)
	\$28,731,022	\$ 982,240	\$ —	\$29,713,262

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$21,804,560	\$ 690,757	\$ —	\$22,495,317
Commodities	—	691,470	—	691,470
Currency Forward Contracts–Liabilities	—	(98,984)	—	(98,984)
	\$21,804,560	\$1,283,243	\$ —	\$23,087,803

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia U.S. Blue Chip Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 27,166	\$ –	\$ –	\$ 27,166
Swap contracts	4,074	–	–	4,074
Total	\$ 31,240	\$ –	\$ –	\$ 31,240

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 38,366	\$ –	\$ –	\$ 38,366
Swap contracts	–	–	–	–
Total	\$ 38,366	\$ –	\$ –	\$ 38,366

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 474	\$(474)	\$ –	\$ –
Swap contracts	118,033	–	–	118,033
Total	\$118,507	\$(474)	\$ –	\$118,033

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 76,382	\$(474)	\$ –	\$ 75,908
Swap contracts	–	–	–	–
Total	\$ 76,382	\$(474)	\$ –	\$ 75,908

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 98,984	\$ –	\$ –	\$ 98,984
Swap contracts	–	–	–	–
Total	\$ 98,984	\$ –	\$ –	\$ 98,984

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.74	9.74	8.41	8.41
Series F	9.75	9.75	–	–

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

Scotia U.S. Opportunities Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$24,284,880	\$20,557,874	\$21,004,373
Unrealized gain on currency forward contracts	—	—	9,158
Cash	782,239	638,945	1,074,352
Accrued investment income	26,046	15,074	13,028
Receivable for securities sold	—	—	560,902
Subscriptions receivable	53,097	15,137	9,179
	<u>25,146,262</u>	<u>21,227,030</u>	<u>22,670,992</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	413,372
Redemptions payable	9,790	13,503	18,155
Unrealized loss on currency forward contracts	—	—	2,008
	<u>9,790</u>	<u>13,503</u>	<u>433,535</u>
Net Assets attributable to holders of redeemable units	<u>\$25,136,472</u>	<u>\$21,213,527</u>	<u>\$22,237,457</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$24,855,745	\$21,110,512	\$16,655,850
Series F Units	\$ 621	\$ —	\$ —
Series I Units	\$ 280,106	\$ 103,015	\$ 5,581,607
UNITS OUTSTANDING			
Series A Units	2,263,985	2,156,888	2,241,234
Series F Units	56	—	—
Series I Units	21,173	8,947	657,007
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 10.98	\$ 9.79	\$ 7.43
Series F Units	\$ 10.99	\$ —	\$ —
Series I Units	\$ 13.23	\$ 11.51	\$ 8.50

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 444,673	\$ 338,732
Interest for distribution purposes	823	598
Net realized gain (loss) on non-derivative financial assets	3,102,243	4,341,730
Net realized gain (loss) on currency forwards	—	(516,120)
Net gain (loss) foreign exchange	28,113	32,821
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(220,135)	2,383,822
Change in unrealized appreciation (depreciation) of currency forwards	—	(7,150)
Net gain (loss) on investments	<u>3,355,717</u>	<u>6,574,433</u>
Securities lending	35	433
Net realized (gain) loss foreign exchange on cash	65,960	42,704
Other income	834	258
Total income (loss)	<u>3,422,546</u>	<u>6,617,828</u>
EXPENSES		
Management fees (note 5)	473,635	367,509
Administration fees (note 6)	32,181	—
Harmonized Sales Tax/Goods and Services Tax	57,924	46,651
Audit fees	511	210
Independent Review Committee fees	50	44
Custodian fees	2,118	3,541
Filing fees	10,401	16,061
Legal fees	76	120
Unitholder reporting costs	8,148	10,650
Unitholder administration and service fees	23,966	41,697
Overdraft charges	81	8
Foreign withholding taxes/tax reclaims	50,163	48,080
Transaction costs	56,104	62,115
Total expenses	<u>715,358</u>	<u>596,686</u>
Absorbed expenses	(1,598)	—
Net expenses	<u>713,760</u>	<u>596,686</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$2,708,786</u>	<u>\$6,021,142</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$2,682,101	\$5,144,276
Series F Units	\$ 3	\$ —
Series I Units	\$ 26,682	\$ 876,866
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.16	\$ 2.36
Series F Units	\$ 0.05	\$ —
Series I Units	\$ 1.84	\$ 2.24
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	2,305,553	2,181,360
Series F Units	56	—
Series I Units	14,467	390,914

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

Scotia U.S. Opportunities Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$21,110,512	\$16,655,850
Series F Units	103,015	5,581,607
Series I Units		
	<u>21,213,527</u>	<u>22,237,457</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	2,682,101	5,144,276
Series F Units	3	–
Series I Units	26,682	876,866
	<u>2,708,786</u>	<u>6,021,142</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	5,732,533	3,133,799
Series F Units	618	–
Series I Units	208,184	66,344
Payments on redemption		
Series A Units	(4,669,401)	(3,823,413)
Series F Units	(57,775)	(6,421,802)
Series I Units		
	<u>1,214,159</u>	<u>(7,045,072)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	3,745,233	4,454,662
Series F Units	621	–
Series I Units	177,091	(5,478,592)
	<u>3,922,945</u>	<u>(1,023,930)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	24,855,745	21,110,512
Series F Units	621	–
Series I Units	280,106	103,015
	<u>\$25,136,472</u>	<u>\$21,213,527</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 2,708,786	\$ 6,021,142
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(3,102,243)	(4,341,730)
Net unrealized (gain) loss foreign exchange on cash	(67,187)	(31,628)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	220,135	(2,383,822)
Change in unrealized (appreciation) depreciation of forward currency contracts	–	7,150
Purchases of non-derivative financial assets	(49,839,466)	(47,801,388)
Proceeds from sale of non-derivative financial assets	48,938,464	55,058,854
Transaction costs	56,104	62,115
Accrued investment income	(10,972)	(2,046)
Net cash provided by (used in) operating activities	<u>(1,096,379)</u>	<u>6,588,647</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	5,903,375	3,194,185
Amounts paid on redemption of redeemable units	(4,730,889)	(10,249,867)
Net cash provided by (used in) financing activities	<u>1,172,486</u>	<u>(7,055,682)</u>
Net unrealized (gain) loss foreign exchange on cash	67,187	31,628
Net increase (decrease) in cash	76,107	(467,035)
Cash (Bank Indebtedness) at beginning of period	638,945	1,074,352
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 782,239</u>	<u>\$ 638,945</u>
Interest received(1)	817	607
Dividends received, net of withholding taxes(1)	383,544	288,597

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 96.6%			
Energy – 4.5%			
6,000	ConocoPhillips	496,045	480,863
11,700	Noble Energy, Inc.	730,672	643,996
		<u>1,226,717</u>	<u>1,124,859</u>
Materials – 5.5%			
3,300	Air Products and Chemicals, Inc.	485,742	552,157
3,800	Kirby Corporation	491,225	356,143
3,700	Martin Marietta Materials Inc.	517,359	473,696
		<u>1,494,326</u>	<u>1,381,996</u>
Industrials – 8.6%			
3,300	General Dynamics Corporation	421,751	527,131
9,000	ITT Corporation	407,231	422,583
3,900	Union Pacific Corporation	417,169	539,175
5,600	United Rental, Inc.	410,913	663,396
		<u>1,657,064</u>	<u>2,152,285</u>
Consumer Discretionary – 6.3%			
12,200	Comcast Corporation, Class A	703,290	821,309
7,100	Walt Disney Company, The	553,613	775,875
		<u>1,256,903</u>	<u>1,597,184</u>
Consumer Staples – 7.3%			
5,500	Costco Wholesale Corporation	707,912	904,752
8,300	CVS Caremark Corporation	654,013	927,668
		<u>1,361,925</u>	<u>1,832,420</u>
Health Care – 17.0%			
2,700	Actavis Inc.	620,349	807,305
7,600	Agilent Technologies, Inc.	476,717	361,082
3,200	McKesson Corporation	645,067	771,034
10,000	Medtronic, Inc.	692,288	837,879
10,700	Merck & Co., Inc.	693,264	705,179
5,400	Thermo Fisher Scientific, Inc.	693,277	785,278
		<u>3,820,962</u>	<u>4,267,757</u>
Financials – 22.3%			
2,200	Affiliated Managers Group, Inc.	470,100	541,626
12,500	Air Lease Corporation	444,821	497,708
4,800	American Express Company	396,404	518,185
8,200	American International Group, Inc.	483,386	532,995
4,400	Berkshire Hathaway Inc., Class B	684,872	766,694
8,900	Citigroup Inc.	475,171	559,026
4,400	Moody's Corporation	464,229	489,224
14,100	Morgan Stanley	400,849	635,130
8,600	Principal Financial Group, Inc.	476,966	518,375
8,600	Wells Fargo & Company	472,456	547,118
		<u>4,769,254</u>	<u>5,606,081</u>
Information Technology – 25.1%			
9,200	Apple Inc.	849,639	1,178,480
21,800	Applied Materials, Inc.	507,177	630,447
17,900	Cisco Systems, Inc.	478,066	577,798
20,600	Corning Incorporated	479,263	548,170
700	Google Inc. Class A	435,609	431,080
12,500	Hewlett-Packard Company	459,165	582,352
14,100	Keysight Technologies Inc.	489,268	553,151
13,800	Microsoft Corporation	600,223	743,890
4,500	SanDisk Corporation	480,309	511,675
4,400	Western Digital Corporation	437,286	565,255
		<u>5,216,005</u>	<u>6,322,298</u>
	TOTAL INVESTMENT PORTFOLIO	<u>20,803,156</u>	<u>24,284,880</u>
	OTHER ASSETS, LESS LIABILITIES – 3.4%		851,592
	NET ASSETS – 100.0%		<u>25,136,472</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia U.S. Opportunities Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve long-term capital growth. It invests primarily in equity securities of U.S. companies.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$21,210,366	\$22,233,723
Revaluation of Investments at FVTPL	3,161	3,734
Net assets attributable to holders of redeemable units	\$21,213,527	\$22,237,457

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$6,021,715
Revaluation of Investments at FVTPL	(573)
Increase (decrease) in net assets attributable to holders of redeemable units	\$6,021,142

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
US Dollar	25,064,681	99.7	2,506,468	10.0
Total	25,064,681	99.7	2,506,468	10.0

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	21,148,943	99.7	2,114,894	10.0
Total	21,148,943	99.7	2,114,894	10.0

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

Scotia U.S. Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	January 1, 2013	
			Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	6,146,642	27.6	614,664	2.8
Total	6,146,642	27.6	614,664	2.8

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 96.6% (December 31, 2013 – 96.9%, January 1, 2013 – 94.5%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$2,428,488 (December 31, 2013 – \$2,055,471, January 1, 2013 – \$2,100,064). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$9,790	\$ –	\$13,503	\$ –	\$431,527
Unrealized loss on currency forward contracts	–	–	–	–	–	2,008
Redeemable units	25,136,472	–	21,213,527	–	22,237,457	–
	\$25,136,472	\$9,790	\$21,213,527	\$13,503	\$22,237,457	\$433,535

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Energy	4.5	6.2	9.2
Material	5.5	5.0	–
Industrials	8.6	19.1	12.2
Consumer Discretionary	6.3	8.3	15.5
Consumer Staples	7.3	3.8	11.4
Health Care	17.0	13.5	6.4
Financials	22.3	21.3	18.6
Information	25.1	19.7	21.2

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

Scotia U.S. Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$24,284,880	\$ –	\$ –	\$24,284,880

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$20,557,874	\$ –	\$ –	\$20,557,874

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$21,002,081	\$ –	\$ –	\$21,002,081
Options (Written Put)	(698)	–	–	(698)
Currency Forward Contracts–Assets	–	9,158	–	9,158
	21,001,383	9,158	–	21,010,541
Options (Put)	2,990	–	–	2,990
Currency Forward Contracts–Liabilities	–	(2,008)	–	(2,008)
	2,990	(2,008)	–	982
	\$21,004,373	\$ 7,150	\$ –	\$21,011,523

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

As at December 31, 2014 and December 31, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

	January 1, 2013			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$9,158	\$(2,008)	\$ –	\$7,150
Swap contracts	–	–	–	–
Total	\$9,158	\$(2,008)	\$ –	\$7,150

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$2,008	\$(2,008)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$2,008	\$(2,008)	\$ –	\$ –

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia U.S. Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.98	10.98	9.79	9.79
Series F	10.99	10.99	—	—
Series I	13.23	13.23	11.51	11.51

Scotia Private International Core Equity Pool

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$44,742,607	\$49,915,470	\$30,358,061
Unrealized gain on currency spot contracts	416	72	26
Cash	2,264,092	1,898,337	1,029,199
Accrued investment income	17,614	14,815	22,353
Receivable for securities sold	9,571	95,194	119,847
Subscriptions receivable	49,453	302,469	1,081
	<u>47,083,753</u>	<u>52,226,357</u>	<u>31,530,567</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	331,931	73,002	104,630
Redemptions payable	37,569	4,407	371,182
Unrealized loss on currency spot contracts	—	723	788
	<u>369,500</u>	<u>78,132</u>	<u>476,600</u>
Net Assets attributable to holders of redeemable units	<u>\$46,714,253</u>	<u>\$52,148,225</u>	<u>\$31,053,967</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series M Units	<u>\$46,714,253</u>	<u>\$52,148,225</u>	<u>\$31,053,967</u>
UNITS OUTSTANDING			
Series M Units	<u>4,796,478</u>	<u>5,379,668</u>	<u>3,968,673</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series M Units	<u>\$ 9.74</u>	<u>\$ 9.69</u>	<u>\$ 7.82</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 1,325,755	\$ 778,990
Interest for distribution purposes	24,445	34,132
Net realized gain (loss) on non-derivative financial assets	5,902,603	1,996,505
Net gain (loss) foreign exchange	54,081	4,268
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(5,877,319)	6,911,955
Change in unrealized appreciation (depreciation) of currency spots	1,067	111
Net gain (loss) on investments	<u>1,430,632</u>	<u>9,725,961</u>
Securities lending	5,309	7,506
Net realized (gain) loss foreign exchange on cash	<u>(90,443)</u>	<u>(15,238)</u>
Total income (loss)	<u>1,345,498</u>	<u>9,718,229</u>
EXPENSES		
Management fees (note 5)	156,127	120,460
Administration fees (note 6)	30,534	—
Harmonized Sales Tax/Goods and Services Tax	24,721	21,866
Audit fees	1,151	1,225
Independent Review Committee fees	111	54
Custodian fees	27,056	45,699
Filing fees	9,705	14,260
Legal fees	182	168
Unitholder reporting costs	3,740	5,522
Unitholder administration and service fees	4,284	5,610
Overdraft charges	990	485
Foreign withholding taxes/tax reclaims	187,848	68,802
Transaction costs	<u>77,805</u>	<u>32,726</u>
Total expenses	<u>524,254</u>	<u>316,877</u>
Net expenses	<u>524,254</u>	<u>316,877</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 821,244</u>	<u>\$ 9,401,352</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series M Units	<u>\$ 821,244</u>	<u>\$ 9,401,352</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series M Units	<u>\$ 0.15</u>	<u>\$ 2.05</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series M Units	<u>5,380,503</u>	<u>4,597,105</u>

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

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

Scotia Private International Core Equity Pool (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series M Units	\$ 52,148,225	\$ 31,053,967
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series M Units	821,244	9,401,352
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series M Units	(784,493)	(563,273)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series M Units	23,430,408	27,083,840
Reinvested distributions		
Series M Units	750,351	489,183
Payments on redemption		
Series M Units	(29,651,482)	(15,316,844)
	(5,470,723)	12,256,179
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series M Units	(5,433,972)	21,094,258
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series M Units	\$ 46,714,253	\$ 52,148,225

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 821,244	\$ 9,401,352
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(5,902,603)	(1,996,505)
Net unrealized (gain) loss foreign exchange on cash	(12,515)	(1,190)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	5,877,319	(6,911,955)
Change in unrealized (appreciation) depreciation of currency spot contracts	(1,067)	(111)
Purchases of non-derivative financial assets	(46,373,158)	(27,716,755)
Proceeds from sale of non-derivative financial assets	51,838,052	17,028,105
Transaction costs	77,805	32,726
Accrued investment income	(2,799)	7,538
Net cash provided by (used in) operating activities	6,322,278	(10,156,795)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	23,683,424	26,782,452
Amounts paid on redemption of redeemable units	(29,618,320)	(15,683,619)
Distributions to unitholders of redeemable units	(34,142)	(74,090)
Net cash provided by (used in) financing activities	(5,969,038)	11,024,743
Net unrealized (gain) loss foreign exchange on cash	12,515	1,190
Net increase (decrease) in cash	353,240	867,948
Cash (Bank Indebtedness) at beginning of period	1,898,337	1,029,199
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	\$ 2,264,092	\$ 1,898,337
Interest received(1)	23,965	33,124
Dividends received, net of withholding taxes(1)	1,135,588	718,734

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITIES – 95.8%			
Brazil – 1.6%			
25,294	Itau Unibanco Holding SA, ADR	379,929	381,890
57,852	Kroton Educacional SA	448,896	386,950
		828,825	768,840
Denmark – 2.4%			
22,544	Novo Nordisk A/S, Class B	666,687	1,106,924
France – 10.7%			
15,511	Accor SA	821,815	806,373
250	Hermes International	100,970	103,430
5,130	LVMH Moët Hennessy Louis Vuitton SA	841,166	941,241
4,652	Pernod Ricard SA	594,665	598,465
6,394	Publicis Groupe	411,819	531,354
3,901	Renault SA	347,169	330,755
12,033	Safran SA	862,346	859,316
13,676	Total SA	1,007,022	818,132
		4,986,972	4,989,066
Germany – 1.2%			
6,521	Fresenius Medical Care AG & Co. KGaA	435,870	566,254
Hong Kong – 8.4%			
222,914	AIA Group Ltd.	1,045,755	1,424,608
82,320	China Mobile Limited	950,339	1,122,380
72,930	Galaxy Entertainment Group Limited	511,280	471,179
21,926	Hong Kong Exchanges & Clearing Limited	389,240	559,809
21,208	Tencent Holdings Limited	342,042	353,171
		3,238,656	3,931,147
India – 2.7%			
94,525	ICICI Bank Limited ADR	1,098,849	1,266,988
Italy – 1.1%			
149,510	Intesa Sanpaolo SpA	392,392	501,826
Japan – 9.9%			
26,348	Kubota Corporation	384,961	444,014
8,765	Nippon Telegraph and Telephone Corporation	632,714	523,420
19,947	Olympus Corporation	783,433	815,658
27,391	Sony Corporation	668,297	647,151
12,831	Tokyo Electron Limited	931,749	1,129,985
14,487	Toyota Motor Corporation	775,264	1,048,416
		4,176,418	4,608,644
Netherlands – 6.6%			
5,158	Altice S.A.	345,356	472,260
4,643	ASML Holding NV	380,339	577,158
93,129	ING Groep NV	1,300,574	1,399,048
18,427	Koninklijke Philips Electronics NV	625,368	620,779
		2,651,637	3,069,245
South Korea – 0.4%			
4,624	Korea Electric Power Corporation	218,595	207,686
Spain – 3.5%			
15,187	Amadeus IT Holding SA, Class A	570,036	700,209
86,336	Banco Bilbao Vizcaya Argentaria, SA	1,089,758	942,779
		1,659,794	1,642,988
Sweden – 2.2%			
11,463	Hennes & Mauritz AB, Class B	446,609	551,881
18,994	Svenska Cellulosa AB SCA, Class B	557,615	476,080
		1,004,224	1,027,961
Switzerland – 10.4%			
12,467	Holcim Ltd.	1,113,173	1,027,167
12,492	Julius Baer Group Ltd.	536,043	661,438
7,416	Nestle SA	549,379	630,727

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Private International Core Equity Pool (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Switzerland (cont'd)				United States (cont'd)			
10,183	Novartis AG	750,953	1,086,598	5,932	Copa Holdings SA, Class A	719,525	713,602
1,422	Roche Holdings AG	366,535	447,190	11,705	MasterCard, Inc., Class A	970,054	1,170,704
49,878	UBS Group AG	1,098,019	994,801	21,476	Nielsen Holdings N.V.	1,036,090	1,114,300
		<u>4,414,102</u>	<u>4,847,921</u>	8,040	Schlumberger Limited	680,606	796,909
United Kingdom – 22.4%						<u>4,882,165</u>	<u>5,753,185</u>
77,815	Aviva PLC	732,431	676,648		TOTAL INVESTMENT PORTFOLIO	<u>39,694,262</u>	<u>44,742,607</u>
29,669	BG Group PLC	472,363	458,289		Currency Spot Contracts – 0.0%		416
137,847	BT Group PLC	959,675	993,008		OTHER ASSETS, LESS LIABILITIES – 4.2%		<u>1,971,230</u>
15,943	Burberry Group PLC	357,501	468,800		NET ASSETS – 100.0%		<u>46,714,253</u>
54,855	Compass Group PLC	901,836	1,085,002				
48,663	Experian PLC	938,945	952,554				
7,326	Indivior PLC	15,859	19,796				
261,007	ITV PLC	985,674	1,009,040				
174,273	Kingfisher PLC	820,014	1,065,719				
21,262	Liberty Global PLC	608,764	1,192,024				
589,475	Lloyds Banking Group PLC	808,475	807,794				
7,326	Reckitt Benckiser Group PLC	503,954	685,837				
8,171	Rio Tinto PLC	511,311	436,869				
10,033	SABMiller PLC	422,274	602,552				
		<u>9,039,076</u>	<u>10,453,932</u>				
United States – 12.3%							
5,106	Actavis Inc.	1,241,883	1,526,704				
1,629	Baidu, Inc.	234,007	430,966				

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 2, 2015	British Pound	172,819	Canadian Dollar	312,232	312,232	348
Jan. 5, 2015	British Pound	10,699	Canadian Dollar	19,329	19,329	22
Jan. 5, 2015	Canadian Dollar	9,617	European Euro	6,817	9,571	46
						<u>416</u>

The currency spot contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

Scotia Private International Core Equity Pool

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of equity securities of companies located outside of North America. The Fund generally won't invest more than 20% of its assets in emerging markets.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of net assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$52,146,692	\$31,044,919
Revaluation of Investments at FVTPL	1,533	9,048
Net assets attributable to holders of redeemable units	\$52,148,225	\$31,053,967

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$9,408,867
Revaluation of Investments at FVTPL	(7,515)
Increase (decrease) in net assets attributable to holders of redeemable units	\$9,401,352

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
European Euro	10,759,808	23.0	1,075,981	2.3
British Pound	9,593,471	20.5	959,347	2.1
US Dollar	8,594,087	18.4	859,409	1.8
Swiss Franc	4,847,922	10.4	484,792	1.0
Japanese Yen	4,608,645	9.9	460,865	1.0
Hong Kong Dollar	3,931,144	8.4	393,114	0.8
Danish Krone	1,106,924	2.4	110,692	0.2
Swedish Krona	1,027,961	2.2	102,796	0.2
Brazilian Real	386,950	0.8	38,695	0.1
South Korean Won	207,686	0.4	20,769	—
Total	45,064,598	96.4	4,506,460	9.5

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

Scotia Private International Core Equity Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
European Euro	12,837,345	24.6	1,283,735	2.5
Japanese Yen	9,408,116	18.0	940,812	1.8
British Pound	9,093,458	17.4	909,346	1.7
U.S. Dollar	5,963,337	11.4	596,334	1.1
Swiss Franc	4,654,844	8.9	465,484	0.9
Hong Kong Dollar	3,931,437	7.5	393,144	0.8
Swedish Krona	1,933,016	3.7	193,302	0.4
Danish Krone	1,323,570	2.5	132,357	0.3
Korean Won	431,686	0.8	43,169	0.1
Brazilian Real	194,969	0.4	19,497	–
Mexican Peso	187,773	0.4	18,777	–
Total	49,959,551	95.6	4,995,957	9.6

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
European Euro	7,514,321	24.2	751,432	2.4
British Pound	6,462,617	20.8	646,262	2.1
U.S. Dollar	4,768,925	15.4	476,892	1.5
Hong Kong Dollar	3,241,835	10.4	324,183	1.0
Japanese Yen	2,898,190	9.3	289,819	0.9
Swiss Franc	2,469,972	8.0	246,997	0.8
Swedish Krona	1,195,739	3.9	119,574	0.4
Danish Krone	840,088	2.7	84,009	0.3
Korean Won	343,275	1.1	34,328	0.1
Brazilian Real	331,981	1.1	33,198	0.1
Mexican Peso	283,662	0.9	28,366	0.1
Total	30,350,605	97.8	3,035,060	9.7

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 95.8% (December 31, 2013 – 95.7%, January 1, 2013 – 97.8%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$4,474,261 (December 31, 2013 – \$4,991,394, January 1, 2013 – \$3,034,901). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

(iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$369,500	\$ –	\$77,409	\$ –	\$475,812
Unrealized loss on currency spot contracts	–	–	–	723	–	788
Redeemable units	46,714,253	–	52,148,225	–	31,053,967	–
	\$46,714,253	\$369,500	\$52,148,225	\$78,132	\$31,053,967	\$476,600

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

Scotia Private International Core Equity Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Argentina	–	0.5	0.3
Belgium	–	1.4	–
Brazil	1.6	0.9	2.8
China	–	0.8	1.3
Denmark	2.4	2.6	2.7
Finland	–	1.0	–
France	10.7	8.4	9.6
Germany	1.2	7.2	13.9
Hong Kong	8.4	6.7	9.1
India	2.7	–	–
Italy	1.1	1.9	–
Israel	–	–	1.6
Japan	9.9	17.9	9.3
Mexico	–	0.4	0.9
Netherlands	6.6	3.8	1.2
South Korea	0.4	0.8	1.1
Spain	3.5	2.1	–
Sweden	2.2	3.8	4.1
Switzerland	10.4	8.9	8.0
Taiwan	–	0.7	–
United Kingdom	22.4	17.5	21.4
United States	12.3	8.4	10.5
Currency Spot Contracts	0.0	0.0	0.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$8,594,091	\$36,148,516	\$ –	\$44,742,607
Currency Spot Contracts–Assets	416	–	–	416
	\$8,594,507	\$36,148,516	\$ –	\$44,743,023

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$6,157,981	\$43,757,489	\$ –	\$49,915,470
Currency Spot Contracts–Assets	72	–	–	72
	6,158,053	43,757,489	–	49,915,542
Currency Spot Contracts–Liabilities	(723)	–	–	(723)
	\$6,157,330	\$43,757,489	\$ –	\$49,914,819

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$5,340,274	\$25,017,787	\$ –	\$30,358,061
Currency Spot Contracts–Assets	26	–	–	26
	5,340,300	25,017,787	–	30,358,087
Currency Spot Contracts–Liabilities	(788)	–	–	(788)
	\$5,339,512	\$25,017,787	\$ –	\$30,357,299

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia Private International Core Equity Pool (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series M	9.74	9.74	9.69	9.69

Scotia International Value Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$93,325,703	\$ 99,942,415	\$85,480,521
Unrealized gain on currency forward contracts	81,535	702,089	181,336
Cash	4,712,073	1,779,767	1,605,356
Accrued investment income	172,707	55,560	46,698
Receivable for securities sold	—	814,390	—
Subscriptions receivable	5,590	15,645	3,346
	<u>98,297,608</u>	<u>103,309,866</u>	<u>87,317,257</u>
LIABILITIES			
Current liabilities			
Distributions payable	—	—	71
Redemptions payable	2,673	6,353	11,496
Unrealized loss on currency forward contracts	180,150	897,325	136,079
	<u>182,823</u>	<u>903,678</u>	<u>147,646</u>
Net Assets attributable to holders of redeemable units	<u>\$98,114,785</u>	<u>\$102,406,188</u>	<u>\$87,169,611</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$10,338,905	\$ 12,089,594	\$ 9,527,361
Advisor Series Units	\$ 9,063	\$ 32,108	\$ 11,589
Series F Units	\$ 317	\$ —	\$ —
Series I Units	<u>\$87,766,500</u>	<u>\$ 90,284,486</u>	<u>\$77,630,661</u>
UNITS OUTSTANDING			
Series A Units	1,369,799	1,532,853	1,555,698
Advisor Series Units	1,239	4,195	1,951
Series F Units	42	—	—
Series I Units	<u>11,282,196</u>	<u>11,187,295</u>	<u>12,474,747</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 7.55	\$ 7.89	\$ 6.12
Advisor Series Units	\$ 7.32	\$ 7.65	\$ 5.94
Series F Units	\$ 7.56	\$ —	\$ —
Series I Units	<u>\$ 7.78</u>	<u>\$ 8.07</u>	<u>\$ 6.22</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 2,340,087	\$ 2,340,532
Interest for distribution purposes	16,886	1,824
Net realized gain (loss) on non-derivative financial assets	12,127,824	4,591,157
Net realized gain (loss) on currency forwards	264,416	(669,567)
Net gain (loss) foreign exchange	135,112	54,956
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(16,135,965)	21,015,509
Change in unrealized appreciation (depreciation) of currency forwards	96,621	(240,493)
Net gain (loss) on investments	(1,155,019)	27,093,918
Securities lending	37,345	14,240
Net realized (gain) loss foreign exchange on cash	(141,765)	(78,249)
Other income	193	17
Total income (loss)	<u>(1,259,246)</u>	<u>27,029,926</u>
EXPENSES		
Management fees (note 5)	246,547	230,181
Administration fees (note 6)	36,255	—
Harmonized Sales Tax/Goods and Services Tax	35,875	33,376
Audit fees	2,254	2,674
Independent Review Committee fees	216	161
Custodian fees	26,024	35,087
Filing fees	22,309	27,467
Legal fees	339	458
Unitholder reporting costs	10,160	13,137
Unitholder administration and service fees	26,167	44,207
Overdraft charges	2,580	6,767
Foreign withholding taxes/tax reclaims	151,479	166,235
Transaction costs	204,276	169,847
Total expenses	764,481	729,597
Absorbed expenses	(17,771)	(25,062)
Net expenses	<u>746,710</u>	<u>704,535</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ (2,005,956)</u>	<u>\$26,325,391</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ (499,623)	\$ 2,735,747
Advisor Series Units	\$ (2,185)	\$ 4,750
Series F Units	\$ (4)	\$ —
Series I Units	<u>\$ (1,504,144)</u>	<u>\$23,584,894</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ (0.34)	\$ 1.75
Advisor Series Units	\$ (0.62)	\$ 1.85
Series F Units	\$ (0.10)	\$ —
Series I Units	<u>\$ (0.13)</u>	<u>\$ 2.00</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	1,470,062	1,565,185
Advisor Series Units	3,510	2,561
Series F Units	42	—
Series I Units	<u>11,297,081</u>	<u>11,772,636</u>

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

Scotia International Value Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 12,089,594	\$ 9,527,361
Advisor Series Units	32,108	11,589
Series I Units	90,284,486	77,630,661
	<u>102,406,188</u>	<u>87,169,611</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	(499,623)	2,735,747
Advisor Series Units	(2,185)	4,750
Series F Units	(4)	—
Series I Units	(1,504,144)	23,584,894
	<u>(2,005,956)</u>	<u>26,325,391</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(1,747,030)	(1,781,961)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,321,130	2,250,631
Advisor Series Units	—	20,000
Series F Units	321	—
Series I Units	56,041,803	1,693,400
Reinvested distributions		
Series I Units	1,747,030	1,781,961
Payments on redemption		
Series A Units	(2,572,196)	(2,424,145)
Advisor Series Units	(20,860)	(4,231)
Series I Units	(57,055,645)	(12,624,469)
	<u>(538,417)</u>	<u>(9,306,853)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(1,750,689)	2,562,233
Advisor Series Units	(23,045)	20,519
Series F Units	317	—
Series I Units	(2,517,986)	12,653,825
	<u>(4,291,403)</u>	<u>15,236,577</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	10,338,905	12,089,594
Advisor Series Units	9,063	32,108
Series F Units	317	—
Series I Units	87,766,500	90,284,486
	<u>\$ 98,114,785</u>	<u>\$ 102,406,188</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (2,005,956)	\$ 26,325,391
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(12,127,824)	(4,591,157)
Net unrealized (gain) loss foreign exchange on cash	78,521	(41,596)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	16,135,965	(21,015,509)
Change in unrealized (appreciation) depreciation of forward currency contracts	(96,621)	240,493
Purchases of non-derivative financial assets	(60,543,050)	(39,559,105)
Proceeds from sale of non-derivative financial assets	63,761,735	49,719,640
Transaction costs	204,276	169,847
Accrued investment income	(117,147)	(8,862)
	<u>5,289,899</u>	<u>11,239,142</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	57,373,309	3,951,732
Amounts paid on redemption of redeemable units	(59,652,381)	(15,057,988)
Distributions to unitholders of redeemable units	—	(71)
Net cash provided by (used in) financing activities	(2,279,072)	(11,106,327)
Net unrealized (gain) loss foreign exchange on cash	(78,521)	41,596
Net increase (decrease) in cash	3,010,827	132,815
Cash (Bank Indebtedness) at beginning of period	1,779,767	1,605,356
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 4,712,073</u>	<u>\$ 1,779,767</u>
Interest received(1)	14,694	1,841
Dividends received, net of withholding taxes(1)	2,073,653	2,165,418

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITIES – 95.0%			
Brazil – 2.9%			
141,690	Smiles SA	2,395,708	2,838,542
China – 2.7%			
280,500	AAC Acoustic Technologies Holdings Inc.	639,019	1,730,051
1,577,100	China Liansu Group Holdings Ltd.	997,508	891,788
		<u>1,636,527</u>	<u>2,621,839</u>
France – 4.7%			
39,992	Airbus Group NV	1,719,513	2,304,629
31,300	Orpea	1,270,733	2,278,112
		<u>2,990,246</u>	<u>4,582,741</u>
Germany – 7.6%			
28,600	Gerresheimer AG	1,405,264	1,794,623
13,167	Henkel AG & Co. KGaA	940,122	1,487,628
48,900	KION Group AG	2,285,791	2,178,060
36,500	NORMA Group	1,139,074	2,020,853
		<u>5,770,251</u>	<u>7,481,164</u>
Greece – 3.7%			
2,895,500	Alpha Bank A.E.	2,620,619	1,900,364
148,390	JUMBO SA	2,331,997	1,755,501
		<u>4,952,616</u>	<u>3,655,865</u>
Hong Kong – 7.6%			
4,505,600	China Modern Dairy Holdings Ltd.	1,762,211	1,480,563
539,200	MGM China Holdings Ltd.	990,418	1,577,588
1,570,000	Trinity Ltd.	620,539	342,558
2,368,000	Value Partners Group Limited	1,888,908	2,295,325
2,154,000	Xinyi Solar Holdings Ltd.	337,090	684,009
9,083,000	YuanShengTai Dairy Farm Ltd.	2,230,648	1,026,716
		<u>7,829,814</u>	<u>7,406,759</u>
Ireland – 4.6%			
291,500	C&C Group PLC	1,646,012	1,481,408
7,123,700	Governor and Company of the Bank of Ireland, The	2,480,496	3,082,846
		<u>4,126,508</u>	<u>4,564,254</u>
Italy – 0.2%			
169,500	Moleskine SpA	445,921	236,245
Japan – 8.4%			
62,600	Horiba Ltd.	2,512,240	2,413,990
30,000	KDDI Corporation	1,440,292	2,178,382
19,700	NIDEC Corporation	879,802	1,482,877
66,800	Zenkoku Hoshio Co. Ltd.	1,837,409	2,197,967
		<u>6,669,743</u>	<u>8,273,216</u>
Netherlands – 2.5%			
39,184	Koninklijke Boskalis Westminster NV	2,085,859	2,485,582
Portugal – 0.0%			
1,538,200	Banco Espirito Santo*	2,627,878	14,102
South Korea – 6.3%			
114,800	Aj Rent a Car Co., Ltd.	1,861,603	1,973,441
98,900	Daewoo Shipbuilding & Marine Engineering Co. Ltd.	3,048,467	1,930,741
6,900	Medy-Tox Inc.	1,113,834	2,328,594
		<u>6,023,904</u>	<u>6,232,776</u>
Spain – 3.4%			
245,364	Banco Popular Espanol SA	2,141,667	1,409,570
356,900	NH Hoteles S.A.	2,272,824	1,967,250
		<u>4,414,491</u>	<u>3,376,820</u>
Switzerland – 6.6%			
112,200	Ascom Holding AG	2,126,737	1,992,472
11,405	Dufry AG	1,733,005	1,961,647
12,000	Komax Holding AG	1,985,384	2,018,249

For equities, all common shares unless otherwise noted.

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

Scotia International Value Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITIES (con't)				FOREIGN EQUITIES (con't)			
Switzerland (con't)				United Kingdom – 19.3%			
980	Swatch Group AG, Class B	482,758	504,899	105,300	Berendsen PLC	1,337,021	2,083,520
		6,327,884	6,477,267	43,509	Berkeley Group Holdings	1,801,933	1,934,773
Taiwan – 7.1%				30,900	DCC PLC	1,221,515	1,970,789
826,890	Chailease Holding	1,372,201	2,375,840	237,605	Indicape PLC	1,578,772	3,086,055
1,219,000	CTCI Corp	2,103,906	2,244,779	534,900	Pets at Home Group PLC	1,763,071	1,942,389
141,586	MediaTek Inc.	1,885,386	2,388,318	107,900	Smith & Nephew PLC	1,164,832	2,298,869
		5,361,493	7,008,937	37,300	Spectris PLC	763,107	1,411,341
Thailand – 4.0%				64,850	Travis Perkins PLC	1,359,564	2,166,641
3,477,300	Amata Corporation Public Co.Ltd.	1,880,297	1,914,873	23,600	Whitbread PLC	1,012,853	2,021,086
1,992,100	Pruksa Real Estate PCL	1,568,481	2,006,010			12,002,668	18,915,463
		3,448,778	3,920,883		TOTAL INVESTMENT PORTFOLIO	82,109,598	93,325,703
Turkey – 3.3%					Currency Forward Contracts – (0.1%)		(98,615)
116,000	Pegasus Hava Tasimaciligi AS	1,770,936	1,897,946		OTHER ASSETS, LESS LIABILITIES – 5.1%		4,887,697
287,300	Turkiye Garanti Bankasi AS	1,228,373	1,335,302		NET ASSETS – 100.0%		98,114,785
		2,999,309	3,233,248				

* The security is not actively traded and considered illiquid

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	6,019,799	British Pound	3,400,000	6,153,623	(133,825)
Jan. 15, 2015	Canadian Dollar	1,952,040	British Pound	1,103,000	1,996,308	(44,268)
Jan. 15, 2015	Canadian Dollar	722,449	British Pound	400,000	723,956	(1,507)
Jan. 15, 2015	Canadian Dollar	448,613	British Pound	247,000	447,043	1,571
Jan. 15, 2015	Canadian Dollar	7,532,275	European Euro	5,329,000	7,490,337	41,938
Jan. 15, 2015	Canadian Dollar	4,448,868	European Euro	3,150,000	4,427,577	21,291
Jan. 15, 2015	Canadian Dollar	4,470,066	Japanese Yen	460,000,000	4,461,222	8,844
Jan. 15, 2015	Canadian Dollar	1,847,319	Japanese Yen	190,200,000	1,844,618	2,701
Feb. 18, 2015	Canadian Dollar	1,633,590	U.S. Dollar	1,400,000	1,628,399	5,191
Feb. 18, 2015	U.S. Dollar	400,000	Canadian Dollar	465,808	464,749	(551)
						(98,615)

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

Scotia International Value Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve long-term capital growth. It invests primarily in equity securities of companies located outside of the U.S. and Canada.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$102,395,120	\$87,180,427
Revaluation of Investments at FVTPL	11,068	(10,816)
Net assets attributable to holders of redeemable units	\$102,406,188	\$87,169,611

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$26,303,507
Revaluation of Investments at FVTPL	21,884
Increase (decrease) in net assets attributable to holders of redeemable units	\$26,325,391

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
European Euro	14,540,100	14.8	1,454,010	1.5
Hong Kong Dollar	10,961,885	11.2	1,096,189	1.1
British Pound	9,800,123	10.0	980,012	1.0
Taiwan Dollar	7,243,008	7.4	724,301	0.7
Swiss Franc	6,552,976	6.7	655,298	0.7
South Korean Won	6,232,776	6.4	623,278	0.6
Thai Baht	3,920,883	4.0	392,088	0.4
Turkish Lira	3,523,086	3.6	352,309	0.4
Brazilian Real	2,838,542	2.9	283,854	0.3
Japanese Yen	2,499,207	2.5	249,921	0.3
New Zealand Dollar	544,623	0.6	54,462	0.1
US Dollar	(1,146,246)	(1.2)	(114,625)	(0.1)
Total	67,510,963	68.9	6,751,097	7.0

Scotia International Value Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
European Euro	26,064,471	25.5	2,606,447	2.5
Hong Kong Dollar	18,180,605	17.8	1,818,061	1.8
British Pound	17,806,739	17.4	1,780,674	1.7
Taiwan Dollar	7,520,680	7.3	752,068	0.7
Swiss Franc	4,667,380	4.6	466,738	0.5
Japanese Yen	4,263,930	4.2	426,393	0.4
Turkish Lira	3,100,370	3.0	310,037	0.3
Thai Baht	2,965,237	2.9	296,524	0.3
Swedish Krona	1,208,754	1.2	120,875	0.1
Brazilian Real	1,011,583	1.0	101,158	0.1
Korean Won	975,763	1.0	97,576	0.1
New Zealand Dollar	602,346	0.6	60,235	0.1
U.S. Dollar	(1,701,205)	(1.7)	(170,120)	(0.2)
Total	86,666,651	84.8	8,666,666	8.4

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
Hong Kong Dollar	21,104,769	24.2	2,110,477	2.4
European Euro	12,492,436	14.3	1,249,244	1.4
British Pound	8,604,185	9.9	860,419	1.0
Taiwan Dollar	5,699,968	6.5	569,997	0.7
Swiss Franc	3,638,625	4.2	363,862	0.4
Korean Won	3,010,642	3.5	301,064	0.3
Turkish Lira	2,117,766	2.4	211,777	0.2
Japanese Yen	1,873,524	2.1	187,352	0.2
Swedish Krona	1,352,210	1.6	135,221	0.2
Australian Dollar	1,105,891	1.3	110,589	0.1
Singapore Dollar	877,686	1.0	87,769	0.1
Danish Krone	625,181	0.7	62,518	0.1
U.S. Dollar	(4,851,617)	(5.6)	(485,162)	(0.6)
Total	57,651,266	66.1	5,765,127	6.5

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 95.0% (December 31, 2013 – 97.6%, January 1, 2013 – 98.1%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$9,332,570 (December 31, 2013 – \$9,993,135, January 1, 2013 – \$8,549,134). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit Rate Risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

Scotia International Value Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ 2,673	\$ –	\$ 6,353	\$ –	\$ 11,567
Unrealized loss on currency forward contracts	–	180,150	–	897,325	–	136,079
Redeemable units	98,114,785	–	102,406,188	–	87,169,611	–
	\$98,114,785	\$182,823	\$102,406,188	\$903,678	\$87,169,611	\$147,646

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Australia	–	–	1.3
Belgium	–	–	0.7
Brazil	2.9	1.0	–
China	2.7	5.5	8.7
Denmark	–	–	0.7
France	4.7	4.6	4.5
Germany	7.6	10.4	8.7
Greece	3.7	2.4	–
Hong Kong	7.6	12.2	13.5
Ireland	4.6	4.6	1.0
Italy	0.2	0.8	–
Japan	8.4	11.6	9.6
Luxembourg	–	–	2.0
Netherlands	2.5	5.4	6.7
New Zealand	–	0.6	–
Russia	–	–	0.9
Singapore	–	–	1.0
Portugal	0.0	–	–
South Korea	6.3	1.0	3.5
Spain	3.4	–	–
Sweden	–	1.2	1.6
Switzerland	6.6	4.6	4.2
Taiwan	7.1	6.0	5.2
Thailand	4.0	2.9	–
Turkey	3.3	3.0	2.4
United Kingdom	19.3	19.8	21.9
Currency Forward Contracts	(0.1)	(0.2)	0.1

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$ –	\$ 93,325,703	\$ –	\$ 93,325,703
Currency Forward Contracts–Assets	–	81,536	–	81,536
	–	93,407,239	–	93,407,239
Currency Forward Contracts–Liabilities	–	(180,151)	–	(180,151)
	\$ –	\$ 93,227,088	\$ –	\$ 93,227,088

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

Scotia International Value Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ –	\$ 99,942,415	\$ –	\$ 99,942,415
Currency Forward Contracts–Assets	–	702,089	–	702,089
	–	100,644,504	–	100,644,504
Currency Forward Contracts–Liabilities	–	(897,325)	–	(897,325)
	\$ –	\$ 99,747,179	\$ –	\$ 99,747,179

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ –	\$ 85,480,521	\$ –	\$ 85,480,521
Currency Forward Contracts–Assets	–	181,336	–	181,336
	–	85,661,857	–	85,661,857
Currency Forward Contracts–Liabilities	–	(136,079)	–	(136,079)
	\$ –	\$ 85,525,778	\$ –	\$ 85,525,778

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

December 31, 2014				
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 81,535	\$ (74,954)	\$ –	\$ 6,581
Swap contracts	–	–	–	–
Total	\$ 81,535	\$ (74,954)	\$ –	\$ 6,581

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$180,150	\$ (74,954)	\$ –	\$105,196
Swap contracts	–	–	–	–
Total	\$180,150	\$ (74,954)	\$ –	\$105,196

December 31, 2013				
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$702,089	\$(675,637)	\$ –	\$ 26,452
Swap contracts	–	–	–	–
Total	\$702,089	\$(675,637)	\$ –	\$ 26,452

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$897,325	\$(675,637)	\$ –	\$221,688
Swap contracts	–	–	–	–
Total	\$897,325	\$(675,637)	\$ –	\$221,688

January 1, 2013				
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$181,336	\$ (97,001)	\$ –	\$ 84,335
Swap contracts	–	–	–	–
Total	\$181,336	\$ (97,001)	\$ –	\$ 84,335

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

Scotia International Value Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$136,079	\$ (97,001)	\$ –	\$ 39,078
Swap contracts	–	–	–	–
Total	\$136,079	\$ (97,001)	\$ –	\$ 39,078

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Assets Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	7.55	7.55	7.89	7.89
Advisor Series	7.32	7.32	7.65	7.65
Series F	7.56	7.56	–	–
Series I	7.78	7.78	8.07	8.07

Scotia European Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$18,943,200	\$22,359,687	\$17,720,840
Unrealized gain on currency spot contracts	—	1	—
Cash	89,998	135,392	80,893
Accrued investment income	19,777	11,391	12,387
Subscriptions receivable	3,018	23,321	3,365
	<u>19,055,993</u>	<u>22,529,792</u>	<u>17,817,485</u>
LIABILITIES			
Current liabilities			
Distributions payable	500	—	20
Redemptions payable	27,475	4,742	14,524
	<u>27,975</u>	<u>4,742</u>	<u>14,544</u>
Net Assets attributable to holders of redeemable units	<u>\$19,028,018</u>	<u>\$22,525,050</u>	<u>\$17,802,941</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$19,026,688	\$22,525,050	\$17,359,235
Series F Units	\$ 1,330	\$ —	\$ —
Series I Units	\$ —	\$ —	\$ 443,706
UNITS OUTSTANDING			
Series A Units	1,592,969	1,728,566	1,766,019
Series F Units	113	—	—
Series I Units	—	—	45,710
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 11.94	\$ 13.03	\$ 9.83
Series F Units	\$ 11.74	\$ —	\$ —
Series I Units	\$ —	\$ —	\$ 9.71

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 987,628	\$ 514,305
Interest for distribution purposes	996	1,012
Net realized gain (loss) on non-derivative financial assets	2,894,446	1,492,461
Net gain (loss) foreign exchange	(9,343)	(13,542)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(4,748,925)	4,169,837
Change in unrealized appreciation (depreciation) of currency spots	(1)	1
Net gain (loss) on investments	(875,199)	6,164,074
Securities lending	6,909	11,852
Other income	33,610	1,120
Total income (loss)	<u>(834,680)</u>	<u>6,177,046</u>
EXPENSES		
Management fees (note 5)	435,610	384,614
Administration fees (note 6)	29,056	—
Harmonized Sales Tax/Goods and Services Tax	55,297	50,430
Audit fees	498	713
Independent Review Committee fees	47	32
Custodian fees	17,183	23,540
Filing fees	9,860	14,944
Legal fees	75	111
Unitholder reporting costs	8,249	11,583
Unitholder administration and service fees	25,308	43,445
Overdraft charges	240	33
Foreign withholding taxes/tax reclaims	89,659	62,893
Transaction costs	19,276	10,344
Total expenses	<u>690,358</u>	<u>602,682</u>
Absorbed expenses	<u>(1,550)</u>	<u>(1,632)</u>
Net expenses	<u>688,808</u>	<u>601,050</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$(1,523,488)</u>	<u>\$5,575,996</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$(1,523,342)	\$5,505,687
Series F Units	\$ (146)	\$ —
Series I Units	\$ —	\$ 70,309
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ (0.90)	\$ 3.19
Series F Units	\$ (1.66)	\$ —
Series I Units	\$ —	\$ 1.89
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	1,689,749	1,724,647
Series F Units	88	—
Series I Units	—	37,194

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

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

Scotia European Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$22,525,050	\$17,359,235
Series I Units	–	443,706
	<u>22,525,050</u>	<u>17,802,941</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	(1,523,342)	5,505,687
Series F Units	(146)	–
Series I Units	–	70,309
	<u>(1,523,488)</u>	<u>5,575,996</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(330,286)	–
Series F Units	(47)	–
	<u>(330,333)</u>	<u>–</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	4,481,148	3,242,490
Series F Units	2,390	–
Reinvested distributions		
Series A Units	328,378	–
Series F Units	47	–
Payments on redemption		
Series A Units	(6,454,260)	(3,582,362)
Series F Units	(914)	–
Series I Units	–	(514,015)
	<u>(1,643,211)</u>	<u>(853,887)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(3,498,362)	5,165,815
Series F Units	1,330	–
Series I Units	–	(443,706)
	<u>(3,497,032)</u>	<u>4,722,109</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	19,026,688	22,525,050
Series F Units	1,330	–
	<u>\$19,028,018</u>	<u>\$22,525,050</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (1,523,488)	\$ 5,575,996
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(2,894,446)	(1,492,461)
Net realized (gain) loss foreign exchange on cash	9,343	13,542
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	4,748,925	(4,169,837)
Change in unrealized (appreciation) depreciation of currency spot contracts	1	(1)
Purchases of non-derivative financial assets	(9,566,619)	(4,482,543)
Proceeds from sale of non-derivative financial assets	11,109,351	5,495,649
Transaction costs	19,276	10,344
Accrued investment income	(8,386)	996
Net cash provided by (used in) operating activities	<u>1,893,957</u>	<u>951,685</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	4,503,841	3,222,534
Amounts paid on redemption of redeemable units	(6,432,441)	(4,106,158)
Distributions to unitholders of redeemable units	(1,408)	(20)
Net cash provided by (used in) financing activities	<u>(1,930,008)</u>	<u>(883,644)</u>
Net realized (gain) loss foreign exchange on cash	(9,343)	(13,542)
Net increase (decrease) in cash	(36,051)	68,041
Cash (Bank Indebtedness) at beginning of period	135,392	80,893
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 89,998</u>	<u>\$ 135,392</u>
Interest received(1)	781	1,005
Dividends received, net of withholding taxes(1)	889,798	452,415

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITIES – 99.6%			
Belgium – 2.4%			
5,145	UCB SA	417,453	453,032
Denmark – 2.9%			
11,174	Novo Nordisk A/S, Class B	247,637	548,650
Finland – 2.9%			
59,888	Nokia Oyj	559,444	546,893
France – 8.7%			
5,646	Legrand SA	317,619	342,931
5,117	Renault SA	497,120	433,856
4,411	Sodexo	346,792	501,810
2,743	Valeo SA	144,223	396,418
		<u>1,305,754</u>	<u>1,675,015</u>
Germany – 16.9%			
5,308	Adidas-Salomon AG	348,555	429,250
5,156	Bayer AG	415,252	817,842
5,501	Deutsche Boerse AG	375,895	457,405
9,333	Fresenius SE & Co. KGaA	289,809	565,481
2,332	Linde AG	338,462	504,675
4,664	Porsche Automobile Holdings SE	334,731	439,689
		<u>2,102,704</u>	<u>3,214,342</u>
Ireland – 2.5%			
4,074	Kerry Group PLC	343,256	326,140
5,682	Smurfit Kappy Group PLC	167,494	148,236
		<u>510,750</u>	<u>474,376</u>
Italy – 4.6%			
453,533	Telecom Italia SpA, di Risp Non Conv.	496,933	439,833
58,690	UniCredit SpA	507,884	434,011
		<u>1,004,817</u>	<u>873,844</u>
Netherlands – 8.7%			
4,308	ASML Holding NV	199,601	535,515
18,753	Delta Lloyd NV	493,574	478,203
42,145	ING Groep NV	420,440	633,131
		<u>1,113,615</u>	<u>1,646,849</u>
Norway – 4.8%			
29,055	DnB NOR ASA	372,171	495,878
11,127	Seadrill Ltd.	303,259	148,263
12,955	Statoil ASA	270,708	262,790
		<u>946,138</u>	<u>906,931</u>
Spain – 6.5%			
9,088	Amadeus IT Holding SA, Class A	375,310	419,009
31,565	Gamesa Corporation Tecnologica SA	396,149	329,890
14,634	Industria de Diseno Textil SA	427,546	486,508
		<u>1,199,005</u>	<u>1,235,407</u>
Sweden – 6.2%			
10,094	Hennes & Mauritz AB, Class B	382,743	485,971
4,726	Kinnevik Investment AB Class B	112,726	177,889
17,785	Swedbank AB	237,788	513,624
		<u>733,257</u>	<u>1,177,484</u>
Switzerland – 10.2%			
2,872	Roche Holdings AG	587,168	903,186
1,511	Syngenta AG	426,332	562,943
24,634	UBS AG	373,290	472,918
		<u>1,386,790</u>	<u>1,939,047</u>
United Kingdom – 22.3%			
26,321	ARM Holdings PLC	331,582	470,336
24,741	BG Group PLC	437,532	382,167
27,467	GlaxoSmithKline PLC	803,665	681,960
70,350	Hays Plc.	188,063	182,877

For equities, all common shares unless otherwise noted.

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

Scotia European Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITIES (cont'd)			
United Kingdom (cont'd)			
3,740	Randgold Resources Limited	311,606	293,660
9,409	SABMiller PLC	378,619	565,077
8,195	Schroders PLC	346,820	394,149
28,061	Sports Direct International	345,452	357,139
152,561	Vodafone Group PLC	699,090	606,630
9,554	Weir Group PLC, The	308,481	317,335
		<u>4,150,910</u>	<u>4,251,330</u>
	TOTAL INVESTMENT PORTFOLIO	<u>15,678,274</u>	<u>18,943,200</u>
	OTHER ASSETS, LESS LIABILITIES – 0.4%		<u>84,818</u>
	NET ASSETS – 100.0%		<u>19,028,018</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia European Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of high quality equity securities of companies in Europe.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$22,517,635	\$17,798,228
Revaluation of Investments at FVTPL	7,415	4,713
Net assets attributable to holders of redeemable units	\$22,525,050	\$17,802,941

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$5,573,294
Revaluation of Investments at FVTPL	2,702
Increase (decrease) in net assets attributable to holders of redeemable units	\$5,575,996

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
British Pound	4,251,330	22.3	425,133	2.2
Danish Krone	548,650	2.9	54,865	0.3
European Euro	10,120,034	53.2	1,012,003	5.3
Norwegian Krone	906,931	4.8	90,693	0.5
Swedish Krona	1,177,484	6.2	117,748	0.6
Swiss Franc	1,939,048	10.2	193,905	1.0
Total	18,943,477	99.6	1,894,347	9.9

Scotia European Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
European Euro	10,457,637	46.4	1,045,764	4.6
British Pound	5,129,788	22.8	512,979	2.3
Swiss Franc	2,211,657	9.8	221,166	1.0
Norwegian Krone	2,052,182	9.1	205,218	0.9
Swedish Krona	1,852,119	8.2	185,212	0.8
Danish Krone	656,304	2.9	65,630	0.3
Total	22,359,687	99.2	2,235,969	9.9

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
British Pound	4,735,995	26.6	473,600	2.7
Swiss Franc	1,732,828	9.7	173,283	1.0
Danish Krone	482,438	2.7	48,244	0.3
European Euro	7,004,491	39.3	700,449	3.9
Norwegian Krone	2,208,041	12.4	220,804	1.2
Swedish Krona	1,557,047	8.7	155,705	0.9
Total	17,720,840	99.4	1,772,085	10.0

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.6% (December 31, 2013 – 99.3%, January 1, 2013 – 99.5%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$1,894,320 (December 31, 2013 – \$2,235,227, January 1, 2013 – \$1,771,613). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$27,975	\$ –	\$4,742	\$ –	\$14,544
Redeemable units	19,028,018	–	22,525,050	–	17,802,941	–
	\$19,028,018	\$27,975	\$22,525,050	\$4,742	\$17,802,941	\$14,544

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

Scotia European Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	December 31, 2013
Belgium	2.4	—	—
Denmark	2.9	2.9	2.7
Finland	2.9	—	—
France	8.7	13.0	12.3
Germany	16.9	21.1	20.6
Ireland	2.5	—	—
Italy	4.6	—	—
Netherlands	8.7	7.6	6.5
Norway	4.8	9.1	12.4
Spain	6.5	4.8	—
Sweden	6.2	8.2	8.7
Switzerland	10.2	9.8	9.7
United Kingdom	22.3	22.8	26.6
Currency Spot Contracts	—	—	—

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$ —	\$18,943,200	\$ —	\$18,943,200

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ —	\$22,359,687	\$ —	\$22,359,687
Currency Spot Contracts-Assets	1	—	—	1
	\$ 1	\$22,359,687	\$ —	\$22,359,688

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ —	\$17,720,840	\$ —	\$17,720,840

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	11.94	11.94	13.03	13.03
Series F	11.74	11.74	—	—

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

Scotia Pacific Rim Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$16,894,287	\$18,556,632	\$20,886,318
Unrealized gain on currency forward contracts	5,555	221,857	112,212
Cash	642,000	532,111	751,863
Accrued investment income	9,881	14,322	4,736
Receivable for securities sold	20,774	62,677	—
Subscriptions receivable	3,612	6,787	6,543
	<u>17,576,109</u>	<u>19,394,386</u>	<u>21,761,672</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	54,939	4,625	—
Distributions payable	—	25	—
Redemptions payable	17,324	10,362	49,727
Unrealized loss on currency spot contracts	—	4	—
Unrealized loss on currency forward contracts	—	19,554	12,959
	<u>72,263</u>	<u>34,570</u>	<u>62,686</u>
Net Assets attributable to holders of redeemable units	<u>\$17,503,846</u>	<u>\$19,359,816</u>	<u>\$21,698,986</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$17,503,846	\$19,359,816	\$19,963,626
Series I Units	\$ —	\$ —	\$ 1,735,360
UNITS OUTSTANDING			
Series A Units	1,467,160	1,708,108	1,916,563
Series I Units	—	—	142,399
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 11.93	\$ 11.33	\$ 10.42
Series I Units	\$ —	\$ —	\$ 12.19

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 524,982	\$ 608,071
Interest for distribution purposes	653	920
Net realized gain (loss) on non-derivative financial assets	1,021,525	(315,345)
Net realized gain (loss) on currency forwards	190,685	382,958
Net gain (loss) foreign exchange	(13,913)	16,305
Change in unrealized appreciation (depreciation) of non-derivative financial assets	2,363	1,589,016
Change in unrealized appreciation (depreciation) of currency spots	4	(4)
Change in unrealized appreciation (depreciation) of currency forwards	(196,748)	103,050
Net gain (loss) on investments	<u>1,529,551</u>	<u>2,384,971</u>
Securities lending	—	6,419
Net realized (gain) loss foreign exchange on cash	5,626	(6,922)
Other income	51	940
Total income (loss)	<u>1,535,228</u>	<u>2,385,408</u>
EXPENSES		
Management fees (note 5)	368,016	395,238
Administration fees (note 6)	26,194	—
Harmonized Sales Tax/Goods and Services Tax	44,751	49,344
Audit fees	401	2,338
Independent Review Committee fees	38	39
Custodian fees	7,871	14,852
Filing fees	8,721	15,258
Legal fees	60	114
Unitholder reporting costs	10,241	14,888
Unitholder administration and service fees	23,555	42,478
Overdraft charges	1,087	1,196
Foreign withholding taxes/tax reclaims	63,738	55,824
Transaction costs	31,703	45,090
Total expenses	<u>586,376</u>	<u>636,659</u>
Absorbed expenses	—	(9)
Net expenses	<u>586,376</u>	<u>636,650</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 948,852</u>	<u>\$ 1,748,758</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 948,852	\$ 1,698,414
Series I Units	\$ —	\$ 50,344
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.60	\$ 0.94
Series I Units	\$ —	\$ 0.42
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	1,570,625	1,813,231
Series I Units	—	118,552

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

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

Scotia Pacific Rim Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$19,359,816	\$19,963,626
Series I Units	–	1,735,360
	<u>19,359,816</u>	<u>21,698,986</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	948,852	1,698,414
Series I Units	–	50,344
	<u>948,852</u>	<u>1,748,758</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	–	(18,428)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,099,764	1,711,381
Reinvested distributions		
Series A Units	–	18,381
Payments on redemption		
Series A Units	(3,904,586)	(4,013,558)
Series I Units	–	(1,785,704)
	<u>(2,804,822)</u>	<u>(4,069,500)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(1,855,970)	(603,810)
Series I Units	–	(1,735,360)
	<u>(1,855,970)</u>	<u>(2,339,170)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$17,503,846</u>	<u>\$19,359,816</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 948,852	\$ 1,748,758
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(1,021,525)	315,345
Net unrealized (gain) loss foreign exchange on cash	(20,718)	(15,830)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(2,363)	(1,589,016)
Change in unrealized (appreciation) depreciation of forward currency contracts	196,748	(103,050)
Change in unrealized (appreciation) depreciation of currency spot contracts	(4)	4
Purchases of non-derivative financial assets	(6,357,515)	(6,742,886)
Proceeds from sale of non-derivative financial assets	9,104,262	10,243,101
Transaction costs	31,703	45,090
Accrued investment income	4,441	(9,586)
Net cash provided by (used in) operating activities	<u>2,883,881</u>	<u>3,891,930</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	1,102,939	1,711,137
Amounts paid on redemption of redeemable units	(3,897,624)	(5,838,627)
Distributions to unitholders of redeemable units	(25)	(22)
Net cash provided by (used in) financing activities	<u>(2,794,710)</u>	<u>(4,127,512)</u>
Net unrealized (gain) loss foreign exchange on cash	20,718	15,830
Net increase (decrease) in cash	89,171	(235,581)
Cash (Bank Indebtedness) at beginning of period	532,111	751,863
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 642,000</u>	<u>\$ 532,111</u>
Interest received(1)	560	938
Dividends received, net of withholding taxes(1)	465,778	542,643

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 96.5%			
Australia – 2.6%			
11,367	Westpac Banking Corporation	251,392	354,895
1,000	Westpac Banking Corporation, Preferred, Series CPS	104,981	97,174
		<u>356,373</u>	<u>452,069</u>
China – 4.3%			
562,900	China Liansu Group Holdings Ltd.	450,387	318,298
437,000	Chongqing Rural Commercial Bank Co., Ltd.	300,119	314,919
342,200	Top Spring International Holdings Limited	191,564	114,248
		<u>942,070</u>	<u>747,465</u>
Hong Kong – 17.9%			
849,200	China Modern Dairy Holdings Ltd.	303,350	279,051
224,000	Chow Tai Fook Jewellery Company Ltd.	310,854	348,024
1,266,000	Eva Precision Industrial Holdings Ltd.	328,698	331,660
582,000	Greatview Aseptic Packaging Company Limited	351,789	347,716
100,500	MGM China Holdings Ltd.	158,876	294,042
451,000	Sun Hung Kai & Co., Ltd.	388,308	399,224
526,000	Trinity Ltd.	208,434	114,768
430,000	Value Partners Group Limited	378,888	416,802
454,000	Xinyi Glass Holdings Ltd.	369,428	265,437
456,000	Xinyi Solar Holdings Ltd.	71,362	144,804
1,717,000	YuanShengTai Dairy Farm Ltd.	426,937	194,085
		<u>3,296,924</u>	<u>3,135,613</u>
Indonesia – 10.6%			
3,308,000	Ciputra Property Tbk PT	287,810	260,483
343,104	PT Bank Mandiri	241,384	343,682
1,245,500	PT Matahari Putra Prima Tbk	231,020	354,631
2,484,000	Ramayana Lestari Sentosa Tbk PT	223,643	184,038
4,213,500	Tiphone Mobile Indonesia Tbk PT	297,207	366,061
5,952,500	Wismilak Inti Makmur Tbk PT	543,401	346,951
		<u>1,824,465</u>	<u>1,855,846</u>
Japan – 19.0%			
9,200	Aisin Seiki Co., Ltd.	259,092	383,746
2,100	FANUC Corp.	284,245	402,207
10,100	Honda Motor Co., Ltd.	354,658	340,845
11,100	Horiba Ltd.	447,229	428,040
5,800	KDDI Corporation	160,768	421,153
3,500	NIDEK Corporation	141,711	263,455
5,500	Nitori Holdings Co., Ltd.	248,996	342,999
5,500	Nitto Denko Corporation	274,644	356,946
11,700	Zenkoku Hoshio Co. Ltd.	321,841	384,973
		<u>2,493,184</u>	<u>3,324,364</u>
New Zealand – 1.0%			
31,500	Fonterra Shareholders' Fund	186,536	171,220
Philippines – 2.7%			
2,522,200	Vista Land & Lifescapes Inc.	348,669	469,448
Singapore – 2.0%			
168,200	Sarine Technologies Ltd.	283,100	361,363
South Korea – 11.2%			
20,300	Aj Rent a Car Co., Ltd.	339,285	348,962
18,100	Daewoo Shipbuilding & Marine Engineering Co. Ltd.	546,175	353,351
9,226	Interpark INT Corporation	183,807	222,540
12,690	Korea Aerospace Industries Ltd.	295,572	531,459
1,500	Medy-Tox Inc.	236,182	506,216
		<u>1,601,021</u>	<u>1,962,528</u>
Taiwan – 15.0%			
42,440	Asustek Computer Inc.	301,344	535,422
177,760	Chaillease Holding	242,242	510,744
261,000	CTCI Corp	436,250	480,629
127,000	Lumax International Corp., Ltd.	284,076	301,348
101,000	Lung Yen Life Service Corporation	362,511	345,403

For equities, all common shares unless otherwise noted.

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

Scotia Pacific Rim Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)			
Taiwan (cont'd)			
26,494	MediaTek Inc.	328,311	446,909
		<u>1,954,734</u>	<u>2,620,455</u>
Thailand – 10.2%			
722,200	Amata Corporation Public Co.Ltd.	410,215	397,700
2,933,300	Ananda Development PCL	210,352	338,995
576,350	Krung Thai Bank Public Company Limited	332,146	458,393
602,000	Nok Airlines Company Ltd.	378,028	275,486
321,100	Pruksa Real Estate PCL	265,276	323,342
		<u>1,596,017</u>	<u>1,793,916</u>
	TOTAL INVESTMENT PORTFOLIO	<u>14,883,093</u>	<u>16,894,287</u>
	Currency Forward Contracts – 0.0%		5,555
	OTHER ASSETS, LESS LIABILITIES – 3.5%		604,004
	NET ASSETS – 100.0%		<u><u>17,503,846</u></u>

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	1,558,693	Japanese Yen	160,400,000	1,555,609	3,084
Jan. 15, 2015	Canadian Dollar	675,991	Japanese Yen	69,600,000	675,002	988
Feb. 18, 2015	Canadian Dollar	466,740	U.S. Dollar	400,000	465,257	1,483
						<u>5,555</u>

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

Scotia Pacific Rim Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of equity securities of companies in the western portion of the Pacific Rim.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$19,359,183	\$21,696,908
Revaluation of Investments at FVTPL	633	2,078
Net assets attributable to holders of redeemable units	\$19,359,816	\$21,698,986

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$1,750,203
Revaluation of Investments at FVTPL	(1,445)
Increase (decrease) in net assets attributable to holders of redeemable units	\$1,748,758

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
Hong Kong Dollar	3,883,078	22.2	388,308	2.2
Taiwan Dollar	3,200,645	18.3	320,065	1.8
South Korean Won	1,962,529	11.2	196,253	1.1
Indonesian Rupiah	1,855,853	10.6	185,585	1.1
Thai Baht	1,793,915	10.2	179,392	1.0
Japanese Yen	1,093,754	6.2	109,375	0.6
Philippines Peso	469,574	2.7	46,957	0.3
Australian Dollar	452,068	2.6	45,207	0.3
Singapore Dollar	361,363	2.1	36,136	0.2
New Zealand Dollar	172,432	1.0	17,243	0.1
US Dollar	(465,257)	(2.7)	(46,526)	(0.3)
Total	14,779,954	84.4	1,477,995	8.4

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

Scotia Pacific Rim Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
Hong Kong Dollar	5,027,096	26.0	502,710	2.6
Taiwan Dollar	2,865,208	14.8	286,521	1.5
Japanese Yen	2,210,993	11.4	221,099	1.1
Indonesian Rupiah	1,521,921	7.9	152,192	0.8
Thai Baht	1,488,180	7.7	148,818	0.8
Korean Won	882,718	4.6	88,272	0.5
Australian Dollar	617,094	3.2	61,709	0.3
Singapore Dollar	215,303	1.1	21,530	0.1
New Zealand Dollar	199,261	1.0	19,926	0.1
Malaysian Ringgit	197,465	1.0	19,746	0.1
Philippines Peso	116	0.0	12	0.0
U.S. Dollar	(531,626)	(2.7)	(53,163)	(0.3)
Total	14,693,728	76.0	1,469,372	7.6

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
Hong Kong Dollar	5,802,558	26.7	580,256	2.7
Taiwan Dollar	2,423,641	11.2	242,364	1.1
Korean Won	1,676,841	7.7	167,684	0.8
Indonesian Rupiah	1,643,723	7.6	164,372	0.8
Japanese Yen	1,459,804	6.7	145,980	0.7
Australian Dollar	1,360,421	6.3	136,042	0.6
Thai Baht	1,243,077	5.7	124,308	0.6
Singapore Dollar	1,065,569	4.9	106,557	0.5
Philippines Peso	117	0.0	12	0.0
U.S. Dollar	(1,261,190)	(5.8)	(126,119)	(0.6)
Total	15,414,562	71.0	1,541,456	7.2

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 96.5% (December 31, 2013 – 95.9%, January 1, 2013 – 96.2%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$1,689,429 (December 31, 2013 – \$1,855,600, January 1, 2013 – \$2,088,424). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

Bond Rating	December 31, 2014	
	Percentage of Total Preferred Shared Securities (%)	Percentage of Net Assets (%)
AA	100.0	0.6
Total	100.0	0.6

Scotia Pacific Rim Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$72,263	\$ –	\$15,012	\$ –	\$49,727
Unrealized loss on currency spot contracts	–	–	–	4	–	–
Unrealized loss on currency forward contracts	–	–	–	19,554	–	12,959
Redeemable units	17,503,846	–	19,359,816	–	21,698,986	–
	\$17,503,846	\$72,263	\$19,359,816	\$34,570	\$21,698,986	\$62,686

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Australia	2.6	3.2	6.0
China	4.3	6.8	11.4
Hong Kong	17.9	18.8	15.9
Indonesia	10.6	7.9	7.6
Japan	19.0	30.9	27.8
Malaysia	–	1.0	–
New Zealand	1.0	1.0	–
Philippines	2.7	–	–
Singapore	2.0	1.1	3.3
South Korea	11.2	4.6	7.7
Taiwan	15.0	12.9	10.8
Thailand	10.2	7.7	5.7
Currency Spot Contracts	–	–	–
Currency Forward Contracts	0.0	1.0	0.5

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$ –	\$16,894,287	\$ –	\$16,894,287
Currency Forward Contracts–Assets	–	5,555	–	5,555
	\$ –	\$16,899,842	\$ –	\$16,899,842

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$97,204	\$18,459,428	\$ –	\$18,556,632
Currency Forward Contracts–Assets	–	221,857	–	221,857
	97,204	18,681,285	–	18,778,489
Currency Spot Contracts–Liabilities	(4)	–	–	(4)
Currency Forward Contracts–Liabilities	–	(19,554)	–	(19,554)
	(4)	(19,554)	–	(19,558)
	\$97,200	\$18,661,731	\$ –	\$18,758,931

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

Scotia Pacific Rim Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$105,463	\$20,780,855	\$ –	\$20,886,318
Currency Forward Contracts–Assets	–	112,212	–	112,212
	105,463	20,893,067	–	20,998,530
Currency Forward Contracts–Liabilities	–	(12,959)	–	(12,959)
	\$105,463	\$20,880,108	\$ –	\$20,985,571

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

	December 31, 2014			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 5,555	\$ –	\$ –	\$ 5,555
Swap contracts	–	–	–	–
Total	\$ 5,555	\$ –	\$ –	\$ 5,555

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

	December 31, 2013			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$221,857	\$(19,143)	\$ –	\$202,714
Swap contracts	–	–	–	–
Total	\$221,857	\$(19,143)	\$ –	\$202,714

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 19,554	\$(19,143)	\$ –	\$ 411
Swap contracts	–	–	–	–
Total	\$ 19,554	\$(19,143)	\$ –	\$ 411

	January 1, 2013			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$112,212	\$(12,959)	\$ –	\$ 99,253
Swap contracts	–	–	–	–
Total	\$112,212	\$(12,959)	\$ –	\$ 99,253

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 12,959	\$(12,959)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 12,959	\$(12,959)	\$ –	\$ –

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

Scotia Pacific Rim Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	11.93	11.93	11.33	11.33

Scotia Latin American Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$29,371,119	\$38,861,717	\$51,222,631
Cash	202,686	70,931	53,347
Accrued investment income	55,374	84,597	391,625
Receivable for securities sold	95,288	199,288	852,235
Subscriptions receivable	5,609	12,193	18,260
	<u>29,730,076</u>	<u>39,228,726</u>	<u>52,538,098</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	85,241	—	597,812
Distributions payable	430	697	1,276
Redemptions payable	72,565	65,014	23,433
	<u>158,236</u>	<u>65,711</u>	<u>622,521</u>
Net Assets attributable to holders of redeemable units	<u>\$29,571,840</u>	<u>\$39,163,015</u>	<u>\$51,915,577</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$29,571,840	\$39,115,614	\$49,616,854
Series F Units	\$ —	\$ 47,401	\$ 50,796
Series I Units	\$ —	\$ —	\$ 2,247,927
UNITS OUTSTANDING			
Series A Units	1,642,056	1,939,152	2,255,580
Series F Units	—	2,315	2,267
Series I Units	—	—	96,095
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 18.01	\$ 20.17	\$ 22.00
Series F Units	\$ —	\$ 20.47	\$ 22.41
Series I Units	\$ —	\$ —	\$ 23.39

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 707,492	\$ 1,024,432
Interest for distribution purposes	553,034	534,757
Futures contracts	—	(3,475)
Net realized gain (loss) on non-derivative financial assets	(158,959)	1,295,671
Net gain (loss) foreign exchange	(66,021)	157,314
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(2,711,905)	(4,378,355)
Net gain (loss) on investments	<u>(1,676,359)</u>	<u>(1,369,656)</u>
Securities lending	198	363
Net realized (gain) loss foreign exchange on cash	(246,542)	(364,938)
Other income	477	2,831
Total income (loss)	<u>(1,922,226)</u>	<u>(1,731,400)</u>
EXPENSES		
Management fees (note 5)	922,942	1,143,484
Administration fees (note 6)	41,675	—
Harmonized Sales Tax/Goods and Services Tax	93,253	112,134
Audit fees	833	1,628
Independent Review Committee fees	79	89
Custodian fees	27,486	41,699
Filing fees	10,136	17,976
Legal fees	123	263
Unitholder reporting costs	11,411	15,901
Unitholder administration and service fees	44,683	81,667
Overdraft charges	206	175
Foreign withholding taxes/tax reclaims	92,132	151,825
Transaction costs	120,242	156,000
Total expenses	<u>1,365,201</u>	<u>1,722,841</u>
Absorbed expenses	<u>(185,843)</u>	<u>(229,767)</u>
Net expenses	<u>1,179,358</u>	<u>1,493,074</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$(3,101,584)</u>	<u>\$(3,224,474)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$(3,100,048)	\$(3,142,829)
Series F Units	\$ (1,536)	\$ (3,395)
Series I Units	\$ —	\$ (78,250)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ (1.76)	\$ (1.48)
Series F Units	\$ (3.05)	\$ (1.50)
Series I Units	\$ —	\$ (0.90)
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	1,765,999	2,120,593
Series F Units	503	2,268
Series I Units	—	86,551

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

Scotia Latin American Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$39,115,614	\$ 49,616,854
Series F Units	47,401	50,796
Series I Units	–	2,247,927
	<u>39,163,015</u>	<u>51,915,577</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	(3,100,048)	(3,142,829)
Series F Units	(1,536)	(3,395)
Series I Units	–	(78,250)
	<u>(3,101,584)</u>	<u>(3,224,474)</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(243,582)	(402,518)
Series F Units	–	(968)
	<u>(243,582)</u>	<u>(403,486)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	2,872,465	6,236,525
Reinvested distributions		
Series A Units	241,395	399,424
Series F Units	–	968
Payments on redemption		
Series A Units	(9,314,004)	(13,591,842)
Series F Units	(45,865)	–
Series I Units	–	(2,169,677)
	<u>(6,246,009)</u>	<u>(9,124,602)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(9,543,774)	(10,501,240)
Series F Units	(47,401)	(3,395)
Series I Units	–	(2,247,927)
	<u>(9,591,175)</u>	<u>(12,752,562)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	29,571,840	39,115,614
Series F Units	–	47,401
	<u>\$29,571,840</u>	<u>\$ 39,163,015</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (3,101,584)	\$ (3,224,474)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	158,959	(1,295,671)
Net unrealized (gain) loss foreign exchange on cash	12,461	67,530
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	2,711,905	4,378,355
Purchases of non-derivative financial assets	(55,761,293)	(69,021,596)
Proceeds from sale of non-derivative financial assets	62,450,026	78,198,961
Transaction costs	120,242	156,000
Accrued investment income	29,223	307,028
Net cash provided by (used in) operating activities	6,619,939	9,566,133
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	2,879,049	6,242,592
Amounts paid on redemption of redeemable units	(9,352,318)	(15,719,938)
Distributions to unitholders of redeemable units	(2,454)	(3,673)
Net cash provided by (used in) financing activities	(6,475,723)	(9,481,019)
Net unrealized (gain) loss foreign exchange on cash	(12,461)	(67,530)
Net increase (decrease) in cash	144,216	85,114
Cash (Bank Indebtedness) at beginning of period	70,931	53,347
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 202,686</u>	<u>\$ 70,931</u>
Interest received(1)	553,016	534,766
Dividends received, net of withholding taxes(1)	644,601	1,179,626

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 99.3%			
Brazil – 46.3%			
185,210	Ambev SA	1,331,525	1,336,392
52,199	Banco Bradesco S.A.	816,875	780,140
59,952	Banco Bradesco SA, Preference	1,203,574	930,488
51,737	BB Seguridade Participacoes S/A	654,204	720,919
159,209	BM&F BOVESPA SA	710,417	684,626
134,422	BR Properties SA	647,874	595,367
61,380	Cielo SA	1,050,536	1,116,539
106,528	Duralex SA	401,136	373,299
114,953	Estacio Participacoes SA	1,179,918	1,180,885
36,948	Grupo BTG Pactual	496,328	449,976
178,583	Itau Unibanco Holding SA, Preference	2,727,083	2,695,405
123,847	Petroleo Brasileiro S.A.	998,491	524,873
198,745	Petroleo Brasileiro S.A., Preferred	1,429,667	874,245
85,567	Vale SA	1,344,653	813,519
74,657	Vale SA ADR, Preference	1,271,088	629,001
		<u>16,263,369</u>	<u>13,705,674</u>
Chile – 5.9%			
469,910	E-CL SA	760,416	792,305
6,500	Empresas Copec SA	85,337	84,653
111,843	SACI Falabella	952,131	870,256
		<u>1,797,884</u>	<u>1,747,214</u>
Columbia – 0.8%			
33,077	Pacific Rubiales Energy Corporation	613,823	239,862
Mexico – 28.2%			
904,085	America Movil SAB de CV	1,128,230	1,169,485
1,275,525	Cemex SAB de CV	1,301,225	1,513,889
12,197	Fomento Economico Mexicano S.A.B. de C.V. ADR (FEMSA)	1,331,270	1,246,028
94,137	Grupo Aeroportuario del Pacifico SAB de CV	747,445	687,197
271,906	Grupo Financiero Banorte SAB de CV, Series O	1,926,324	1,738,291
247,037	Macquarie Mexico Real Estate Management SA de CV	498,113	478,167
95,132	Megacable Holdings SAB de CV	480,018	430,967
76,236	Promotora y Operadora de Infraestructura SAB de CV	1,165,086	1,064,724
		<u>8,577,711</u>	<u>8,328,748</u>
Peru – 3.5%			
5,496	Credicorp Limited	986,451	1,021,451
Spain – 1.3%			
51,562	Cemex Latam Holdings SA	474,636	398,780
United States – 13.3%			
22,944	Companhia Brasileira de Distribuicao Grupo Pao de Acucar ADR	1,077,270	980,652
79,727	Coscan Limited	864,988	717,053
45,815	Grana y Montero SAA	724,385	672,045
39,427	Grupo Aval Acciones y Valores S.A.	592,958	474,478
33,159	Southern Copper Corporation	1,140,195	1,085,162
		<u>4,399,796</u>	<u>3,929,390</u>
	TOTAL INVESTMENT PORTFOLIO	<u>33,113,670</u>	<u>29,371,119</u>
	OTHER ASSETS, LESS LIABILITIES – 0.7%		200,721
	NET ASSETS – 100.0%		<u>29,571,840</u>

For equities, all common shares unless otherwise noted.

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

Scotia Latin American Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of high quality equity securities of companies in Latin America.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$39,152,011	\$51,880,018
Revaluation of Investments at FVTPL	11,004	35,559
Net assets attributable to holders of redeemable units	\$39,163,015	\$51,915,577

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$(3,199,919)
Revaluation of Investments at FVTPL	(24,555)
Increase (decrease) in net assets attributable to holders of redeemable units	\$(3,224,474)

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
Brazilian Real	13,076,674	44.2	1,307,667	4.4
Mexican Peso	7,082,721	24.0	708,272	2.4
US Dollar	6,984,290	23.6	698,429	2.4
Chile Peso	1,747,213	5.9	174,721	0.6
Colombia Peso	638,642	2.2	63,864	0.2
Total	29,529,540	99.9	2,952,953	10.0

Scotia Latin American Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
Brazilian Real	23,644,574	60.4	2,364,457	6.0
Mexican Peso	8,479,218	21.7	847,922	2.2
U.S. Dollar	4,027,999	10.3	402,800	1.0
Chile Peso	1,864,832	4.8	186,483	0.5
Colombia Peso	875,391	2.2	87,539	0.2
Total	38,892,014	99.4	3,889,201	9.9

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
Brazilian Real	29,345,589	56.5	2,934,559	5.7
Mexican Peso	11,006,381	21.2	1,100,638	2.1
U.S. Dollar	8,914,071	17.2	891,407	1.7
Chile Peso	1,980,695	3.8	198,069	0.4
Total	51,246,736	98.7	5,124,673	9.9

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.3% (December 31, 2013 – 99.2%, January 1, 2013 – 98.7%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$2,937,112 (December 31, 2013 – \$3,885,071, January 1, 2013 – \$5,118,707). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$158,236	\$ –	\$65,711	\$ –	\$622,521
Redeemable units	29,571,840	–	39,163,015	–	51,915,577	–
	\$29,571,840	\$158,236	\$39,163,015	\$65,711	\$51,915,577	\$622,521

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

Scotia Latin American Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Brazil	46.3	66.1	68.6
Chile	5.9	4.8	3.8
Colombia	0.8	2.2	0.0
Mexico	28.2	21.6	24.5
Peru	3.5	2.8	0.0
Spain	1.3	—	—
United States	13.3	1.7	1.8

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$ 13,993,243	\$ 15,377,876	\$ —	\$ 29,371,119

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 12,435,477	\$ 26,426,240	\$ —	\$ 38,861,717

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 22,271,449	\$ 28,951,182	\$ —	\$ 51,222,631

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	18.01	18.01	20.17	20.17
Series F	—	—	20.47	20.47

Scotia Global Dividend Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$379,658,553	\$296,990,834	\$85,209,805
Unrealized gain on currency spot contracts	—	193	1
Unrealized gain on currency forward contracts	4,799,773	35,938	183,329
Cash	39,396,734	29,058,287	6,825,347
Accrued investment income	434,344	516,675	177,507
Receivable for securities sold	—	181,292	120,836
Subscriptions receivable	340,758	797,096	75,942
	<u>424,630,162</u>	<u>327,580,315</u>	<u>92,592,767</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	844,345	—	10,434
Distributions payable	16	—	—
Redemptions payable	201,562	41,293	13,492
Unrealized loss on currency spot contracts	104	—	55
Unrealized loss on currency forward contracts	313,494	2,266,650	961,785
	<u>1,359,521</u>	<u>2,307,943</u>	<u>985,766</u>
Net Assets attributable to holders of redeemable units	<u>\$423,270,641</u>	<u>\$325,272,372</u>	<u>\$91,607,001</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$137,405,371	\$ 91,124,139	\$34,672,583
Series I Units	<u>\$285,865,270</u>	<u>\$234,148,233</u>	<u>\$56,934,418</u>
UNITS OUTSTANDING			
Series A Units	8,628,845	6,445,086	3,004,668
Series I Units	<u>18,003,008</u>	<u>16,654,751</u>	<u>5,010,948</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 15.92	\$ 14.14	\$ 11.54
Series I Units	<u>\$ 15.88</u>	<u>\$ 14.06</u>	<u>\$ 11.36</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$10,186,435	\$ 5,165,412
Interest for distribution purposes	332,654	248,627
Net realized gain (loss) on non-derivative financial assets	21,075,433	13,913,896
Net realized gain (loss) on currency forwards	1,032,890	(2,905,983)
Net gain (loss) foreign exchange	106,113	(106,422)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	25,394,777	31,732,064
Change in unrealized appreciation (depreciation) of currency spots	(297)	247
Change in unrealized appreciation (depreciation) of currency forwards	<u>6,716,991</u>	<u>(1,452,256)</u>
Net gain (loss) on investments	<u>64,844,996</u>	<u>46,595,585</u>
Securities lending	43,057	30,745
Net realized (gain) loss foreign exchange on cash	267,705	(128,112)
Other income	2,376	4,289
Total income (loss)	<u>65,158,134</u>	<u>46,502,507</u>
EXPENSES		
Management fees (note 5)	2,364,022	1,265,811
Administration fees (note 6)	106,209	—
Harmonized Sales Tax/Goods and Services Tax	259,952	140,836
Audit fees	8,056	7,680
Independent Review Committee fees	774	172
Custodian fees	37,029	46,783
Filing fees	12,209	17,137
Legal fees	1,181	598
Unitholder reporting costs	12,382	11,306
Unitholder administration and service fees	54,705	57,090
Overdraft charges	(2,836)	38
Foreign withholding taxes/tax reclaims	1,590,830	733,183
Transaction costs	<u>457,124</u>	<u>418,082</u>
Total expenses	<u>4,901,637</u>	<u>2,698,716</u>
Absorbed expenses	(82)	—
Net expenses	<u>4,901,555</u>	<u>2,698,716</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$60,256,579</u>	<u>\$43,803,791</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$16,710,457	\$13,686,971
Series I Units	<u>\$43,546,122</u>	<u>\$30,116,820</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 2.15	\$ 2.86
Series I Units	<u>\$ 2.52</u>	<u>\$ 3.11</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	7,779,494	4,778,338
Series I Units	<u>17,246,517</u>	<u>9,694,128</u>

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

Scotia Global Dividend Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 91,124,139	\$ 34,672,583
Series I Units	234,148,233	56,934,418
	<u>325,272,372</u>	<u>91,607,001</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	16,710,457	13,686,971
Series I Units	43,546,122	30,116,820
	<u>60,256,579</u>	<u>43,803,791</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(233,812)	–
Series I Units	(6,022,745)	(2,854,533)
From realized gain		
Series A Units	(2,914,840)	(2,355,229)
Series I Units	(6,123,059)	(6,165,946)
	<u>(15,294,456)</u>	<u>(11,375,708)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	46,255,219	52,099,849
Series I Units	69,251,064	151,638,994
Reinvested distributions		
Series A Units	3,130,607	2,344,256
Series I Units	12,145,804	9,020,479
Payments on redemption		
Series A Units	(16,666,399)	(9,324,291)
Series I Units	(61,080,149)	(4,541,999)
	<u>53,036,146</u>	<u>201,237,288</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	46,281,232	56,451,556
Series I Units	51,717,037	177,213,815
	<u>97,998,269</u>	<u>233,665,371</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	137,405,371	91,124,139
Series I Units	285,865,270	234,148,233
	<u>\$423,270,641</u>	<u>\$325,272,372</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 60,256,579	\$ 43,803,791
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(21,075,433)	(13,913,896)
Net unrealized (gain) loss foreign exchange on cash	(648,847)	(139,572)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(25,394,777)	(31,732,064)
Change in unrealized (appreciation) depreciation of forward currency contracts	(6,716,991)	1,452,256
Change in unrealized (appreciation) depreciation of currency spot contracts	297	(247)
Purchases of non-derivative financial assets	(230,750,760)	(286,467,660)
Proceeds from sale of non-derivative financial assets	195,121,764	119,843,619
Transaction costs	457,124	418,082
Accrued investment income	82,331	(339,168)
Net cash provided by (used in) operating activities	<u>(28,668,713)</u>	<u>(167,074,859)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	115,962,621	203,017,689
Amounts paid on redemption of redeemable units	(77,586,279)	(13,838,489)
Distributions to unitholders of redeemable units	(18,029)	(10,972)
Net cash provided by (used in) financing activities	<u>38,358,313</u>	<u>189,168,227</u>
Net unrealized (gain) loss foreign exchange on cash	648,847	139,572
Net increase (decrease) in cash	9,689,600	22,093,368
Cash (Bank Indebtedness) at beginning of period	29,058,287	6,825,347
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 39,396,734</u>	<u>\$ 29,058,287</u>
Interest received(1)	356,480	220,617
Dividends received, net of withholding taxes(1)	8,654,110	4,121,071

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 89.2%			
Australia – 0.9%			
696,100	Telstra Corporation Limited	2,846,924	3,925,841
Belgium – 0.1%			
9,200	KBC Ancora	344,965	341,078
Brazil – 0.4%			
239,880	Ambev SA	1,698,779	1,730,867
Canada – 2.8%			
59,000	Canadian Natural Resources Ltd.	2,377,468	2,119,280
110,600	Husky Energy Inc.	3,132,049	3,041,500
51,000	Loblaw Companies Limited	2,145,136	3,170,670
60,000	Toronto-Dominion Bank, The	3,166,711	3,330,600
		<u>10,821,364</u>	<u>11,662,050</u>
France – 5.0%			
56,977	Eutelsat Communications	1,816,949	2,137,117
106,995	GDF Suez	2,456,658	2,899,393
72,526	Revel SA	1,776,409	1,502,646
20,317	Safran SA	1,486,583	1,450,903
41,372	Sanofi-Aventis	4,440,117	4,374,760
22,975	Schneider Electric SA	1,830,650	1,936,957
44,800	Societe Generale	2,282,150	2,184,266
77,700	Suez Environment Co.	1,427,189	1,562,822
115,341	Vivendi	3,471,224	3,338,321
		<u>20,987,929</u>	<u>21,387,185</u>
Germany – 2.8%			
44,350	Bayer AG	4,830,317	7,034,774
54,050	Deutsche Post AG	2,179,158	2,051,866
21,700	Siemens AG	2,578,221	2,855,420
		<u>9,587,696</u>	<u>11,942,060</u>
Hong Kong – 1.6%			
371,700	China Mobile Limited	3,824,151	5,067,889
254,900	ENN Energy Holdings Ltd.	1,763,743	1,672,995
		<u>5,587,894</u>	<u>6,740,884</u>
Indonesia – 0.5%			
2,125,300	PT Bank Mandiri	1,693,716	2,128,881
Ireland – 0.5%			
77,200	CRH PLC	2,273,776	2,155,054
Italy – 1.3%			
113,600	Azimut Holding SpA	3,161,647	2,843,491
347,900	Mediolanum S.p.A.	2,967,033	2,560,731
		<u>6,128,680</u>	<u>5,404,222</u>
Japan – 1.9%			
58,100	Bridgestone Corporation	2,312,094	2,343,080
88,000	Honda Motor Co., Ltd.	3,484,936	2,969,735
36,900	Toyota Motor Corporation	2,385,837	2,670,432
		<u>8,182,867</u>	<u>7,983,247</u>
Netherlands – 1.6%			
108,184	Koninklijke Ahold NV	1,640,990	2,231,290
74,450	Koninklijke Philips Electronics NV	2,338,894	2,508,112
46,800	Unilever NV	2,043,569	2,133,074
		<u>6,023,453</u>	<u>6,872,476</u>
Peru – 0.3%			
7,180	Credicorp Limited	937,250	1,334,428
Portugal – 0.4%			
135,200	Galp Energia SGPS SA	2,494,814	1,587,026
Singapore – 1.0%			
1,288,400	Singapore Telecommunications Limited	3,900,049	4,388,611

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Global Dividend Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares/Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
South Africa – 0.0%				United States (cont'd)			
473,488	African Bank Investments Limited*	625,644	33,236	30,150	Colgate-Palmolive Company	1,630,489	2,420,362
Spain – 1.2%				21,700	CVS Caremark Corporation	1,870,196	2,425,353
271,100	Banco Bilbao Vizcaya Argentaria SA, Rights, Jan. 7, 2015	26,163	30,069	20,950	Danaher Corporation	1,332,089	2,083,816
292,500	Banco Bilbao Vizcaya Argentaria, SA	3,370,322	3,194,065	37,300	Dominion Resources, Inc.	2,885,418	3,328,085
90,400	Endesa SA	1,699,650	2,083,225	42,450	Dow Chemical Company, The	1,554,439	2,245,658
		5,096,135	5,307,359	48,930	Edison International	2,564,020	3,717,306
Sweden – 1.1%				22,500	EOG Resources, Inc.	2,396,815	2,404,056
82,500	Swedbank AB	2,133,781	2,382,568	24,650	Exxon Mobil Corporation	2,356,884	2,644,218
311,600	TeliaSonera AB	2,367,594	2,325,744	436,940	Frontier Communications Corporation	2,228,966	3,382,140
		4,501,375	4,708,312	68,500	General Electric Company	1,682,477	2,008,814
Switzerland – 10.4%				22,900	Hershey Company, The	2,557,289	2,760,783
23,300	Cembra Money Bank AG	1,469,506	1,489,468	51,800	Honeywell International Inc.	4,711,100	6,007,766
32,000	Credit Suisse Group AG	957,748	930,771	143,700	Intel Corporation	3,425,006	6,051,843
127,500	EFG International AG	1,535,675	1,721,448	35,700	Johnson & Johnson	3,695,983	4,332,307
109,450	Nestle SA	7,225,663	9,308,671	538,400	JPMorgan Chase & Co. Warrants Oct. 28, 2018	8,694,604	12,864,867
78,700	Novartis AG	5,916,113	8,397,845	28,316	Kraft Foods Group Inc.	1,475,634	2,059,047
3,650	Partners Group Holding AG	977,137	1,228,177	85,400	Merck & Co., Inc.	4,378,201	5,628,253
28,800	Roche Holdings AG	7,301,040	9,057,022	161,650	Microsoft Corporation	5,289,329	8,713,755
600,300	UBS Group AG	11,941,071	11,972,793	102,100	Mondelez International, Inc.	3,536,973	4,304,030
		37,323,953	44,106,195	45,000	Morgan Stanley, Preferred, Series F	1,197,560	1,389,637
Thailand – 0.4%				96,200	Newell Rubbermaid Inc.	2,608,088	4,250,685
219,500	Bangkok Bank Public Company Limited	1,362,790	1,495,725	41,300	NRG Yield, Inc., Class A	2,309,195	2,259,350
Turkey – 1.2%				28,550	PepsiCo, Inc.	2,288,638	3,132,979
278,600	Turkcell Iletisim Hizmetleri AS ADR	4,731,113	4,888,513	109,400	Pfizer Inc.	3,459,700	3,954,752
United Kingdom – 7.3%				539,734	PNC Financial Services Group, Inc., The Warrants Dec. 31, 2018	7,892,296	15,593,217
544,900	Bardays PLC	2,351,420	2,377,286	84,100	Procter & Gamble Company, The	6,464,451	8,892,621
261,000	BHP Billiton PLC	7,874,834	6,478,607	13,700	Sempra Energy	1,380,558	1,770,093
61,500	British American Tobacco PLC	3,203,715	3,877,751	240,100	Spirit Realty Capital, Inc.	2,585,692	3,312,973
90,000	Diageo PLC	2,599,932	2,995,527	45,600	Thermo Fisher Scientific, Inc.	5,869,194	6,631,236
81,200	GlaxoSmithKline PLC	2,068,932	2,016,060	32,400	Union Pacific Corporation	3,359,591	4,479,299
74,200	Hargreaves Lansdown PLC	1,472,577	1,342,553	34,000	United Parcel Service, Inc., Class B	3,351,027	4,386,422
947,900	Lloyds Banking Group PLC	1,311,966	1,298,967	53,000	Verizon Communications Inc.	2,807,314	2,876,343
157,100	Royal Dutch Shell PLC	5,780,777	6,042,936	14,776	Wells Fargo & Company	514,107	940,026
100,200	St. James's Place PLC	1,275,859	1,461,310	324,391	Wells Fargo & Company Warrants Oct. 28, 2018	4,350,416	8,018,485
43,520	Wolseley PLC	2,372,000	2,875,093	22,800	Western Digital Corporation	1,818,605	2,929,047
		30,312,012	30,766,090			312,276,102	377,718,351
United States – 46.5%				BOND AND DEBENTURE INSTRUMENTS – 0.5%			
37,700	NextEra Energy, Inc.	4,007,056	4,650,265		Credit Suisse Group AG		
56,000	Apple Inc.	3,823,419	7,173,355	1,600,000	7.50% due Dec. 11, 2023	1,733,638	1,940,202
27,013	Banco de Chile	2,234,772	2,161,165		TOTAL INVESTMENT PORTFOLIO	314,009,740	379,658,553
54,550	Chevron Corporation	6,970,022	7,101,566		Currency Spot Contracts – 0.0%		(104)
107,400	Cisco Systems, Inc.	2,740,068	3,466,788		Currency Forward Contracts – 1.1%		4,486,279
188,250	Citigroup Inc.	9,311,095	11,824,337		OTHER ASSETS, LESS LIABILITIES – 9.2%		39,125,913
127,600	Coca-Cola Company, The	5,204,148	6,251,911		NET ASSETS – 100.0%		423,270,641

* This security is not actively traded and is considered illiquid.

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 5, 2015	Hong Kong Dollar	2,032,064	U.S. Dollar	262,165	304,234	(104)

The currency spot contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Global Dividend Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 20, 2015	Australian Dollar	1,776,000	U.S. Dollar	1,546,012	1,797,467	(113,592)
Jan. 20, 2015	British Pound	598,000	U.S. Dollar	936,392	1,087,138	(5,528)
Jan. 20, 2015	European Euro	1,872,000	U.S. Dollar	2,341,222	2,716,332	(88,078)
Jan. 20, 2015	Swiss Franc	1,704,000	U.S. Dollar	1,762,005	2,043,839	(55,207)
Jan. 20, 2015	Swiss Franc	1,232,000	U.S. Dollar	1,283,571	1,488,880	(51,089)
Jan. 20, 2015	U.S. Dollar	2,351,906	Australian Dollar	2,698,000	2,553,308	176,071
Jan. 20, 2015	U.S. Dollar	4,150,564	British Pound	2,654,000	4,798,265	18,451
Jan. 20, 2015	U.S. Dollar	3,905,795	British Pound	2,431,000	4,395,095	137,568
Jan. 20, 2015	U.S. Dollar	3,037,327	British Pound	1,942,000	3,511,014	13,794
Jan. 20, 2015	U.S. Dollar	2,987,104	British Pound	1,859,000	3,360,955	105,570
Jan. 20, 2015	U.S. Dollar	11,323,177	European Euro	8,824,000	12,391,663	748,846
Jan. 20, 2015	U.S. Dollar	8,443,120	European Euro	6,574,000	9,231,958	566,255
Jan. 20, 2015	U.S. Dollar	6,942,290	European Euro	5,405,000	7,590,315	466,189
Jan. 20, 2015	U.S. Dollar	4,572,055	European Euro	3,677,000	5,163,661	142,194
Jan. 20, 2015	U.S. Dollar	3,268,540	European Euro	2,547,000	3,576,787	216,343
Jan. 20, 2015	U.S. Dollar	1,963,426	European Euro	1,566,000	2,199,155	79,394
Jan. 20, 2015	U.S. Dollar	1,923,627	European Euro	1,570,000	2,204,772	27,590
Jan. 20, 2015	U.S. Dollar	1,597,668	European Euro	1,252,000	1,758,201	95,888
Jan. 20, 2015	U.S. Dollar	11,138,164	Swiss Franc	10,476,000	12,231,609	694,193
Jan. 20, 2015	U.S. Dollar	10,801,933	Swiss Franc	10,161,000	11,863,820	671,787
Jan. 20, 2015	U.S. Dollar	8,496,988	Swiss Franc	7,993,032	9,332,536	528,191
Jan. 20, 2015	U.S. Dollar	1,352,893	Swiss Franc	1,303,000	1,521,362	48,666
Jan. 20, 2015	U.S. Dollar	1,329,844	Swiss Franc	1,268,000	1,480,496	62,783
						<u>4,486,279</u>

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

Scotia Global Dividend Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective aims to achieve high total investment return. It invests primarily in equity securities of companies anywhere in the world that pay, or may be expected to pay, dividends as well as in other types of securities that may be expected to distribute income.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$325,200,880	\$91,575,263
Revaluation of Investments at FVTPL	71,492	31,738
Net assets attributable to holders of redeemable units	\$325,272,372	\$91,607,001

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$43,764,037
Revaluation of Investments at FVTPL	39,754
Increase (decrease) in net assets attributable to holders of redeemable units	\$43,803,791

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ –	\$ –	\$ –
1-3 years	–	–	–
3-5 years	–	718,710	656,588
5-10 years	1,940,202	1,775,185	–
> 10 years	–	–	–
Total	\$1,940,202	\$2,493,895	\$656,588

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$669,988 or approximately 0.2% (December 31, 2013 – \$458,796 or approximately 0.1%, January 1, 2013 – \$67,217 or approximately 0.1%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian

Scotia Global Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	333,338,803	78.8	33,333,880	7.9
British Pound	15,797,127	3.7	1,579,713	0.4
European Euro	14,038,523	3.3	1,403,852	0.3
Swiss Franc	11,211,073	2.6	1,121,107	0.3
Japanese Yen	8,016,329	1.9	801,633	0.2
Hong Kong Dollar	7,045,118	1.7	704,512	0.2
Swedish Krona	4,708,312	1.1	470,831	0.1
Singapore Dollar	4,388,610	1.0	438,861	0.1
Australian Dollar	3,169,999	0.7	317,000	0.1
Indonesian Rupiah	2,128,881	0.5	212,888	0.1
Brazilian Real	1,730,867	0.4	173,087	–
Thai Baht	1,495,726	0.4	149,573	–
South African Rand	33,236	–	3,324	–
Polish Zloty	3	–	–	–
Total	407,102,607	96.1	40,710,261	9.7

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	156,666,520	48.2	15,666,652	4.8
British Pound	22,769,246	7.0	2,276,925	0.7
Swiss Franc	16,514,238	5.1	1,651,424	0.5
European Euro	14,291,193	4.4	1,429,119	0.4
Australian Dollar	5,794,318	1.8	579,432	0.2
Swedish Krona	4,942,763	1.5	494,276	0.2
Japanese Yen	4,665,225	1.4	466,523	0.1
Thai Baht	4,645,344	1.4	464,534	0.1
Singapore Dollar	3,663,266	1.1	366,327	0.1
Hong Kong Dollar	2,595,613	0.8	259,561	0.1
Indonesian Rupiah	2,136,555	0.7	213,655	0.1
Brazilian Real	1,228,377	0.4	122,838	–
South African Rand	755,448	0.2	75,545	–
Total	240,668,105	74.0	24,066,811	7.3

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	17,179,154	18.8	1,717,915	1.9
Swiss Franc	5,447,361	5.9	544,736	0.6
European Euro	3,764,992	4.1	376,499	0.4
Japanese Yen	2,485,922	2.7	248,592	0.3
British Pound	2,007,812	2.2	200,781	0.2
Thai Baht	1,801,405	2.0	180,141	0.2
Brazilian Real	1,182,829	1.3	118,283	0.1
Swedish Krona	1,150,381	1.3	115,038	0.1
Danish Krone	913,350	1.0	91,335	0.1
Australian Dollar	681,989	0.7	68,199	0.1
Hong Kong Dollar	340,306	0.4	34,031	–
Total	36,955,501	40.4	3,695,550	4.0

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 89.2% (December 31, 2013 – 90.5%, January 1, 2013 – 92.4%) of the

Scotia Global Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$37,771,835 (December 31, 2013 – \$29,442,891, January 1, 2013 – \$8,452,400). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets attributable to holders of redeemable units (%)
AA	41.7	0.3	32.4	0.4	64.4	1.3
BB	58.3	0.5	67.6	0.8	35.6	0.7
Total	100.0	0.8	100.0	1.2	100.0	2.0

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$1,045,923	\$ –	\$ 41,293	\$ –	\$ 23,926
Unrealized loss on currency spot contracts	–	313,494	–	–	–	55
Unrealized loss on currency forward contracts	–	104	–	2,266,650	–	961,785
Redeemable units	423,270,641	–	325,272,372	–	91,607,001	–
	\$423,270,641	\$1,359,521	\$325,272,372	\$2,307,943	\$91,607,001	\$985,766

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

Scotia Global Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Equities			
Australia	0.9	1.8	4.0
Belgium	0.1	–	–
Brazil	0.4	0.5	1.3
Canada	2.8	2.1	4.9
China	–	0.4	–
Denmark	–	–	1.0
France	5.0	6.2	1.6
Germany	2.8	4.8	2.4
Hong Kong	1.6	0.4	0.5
Indonesia	0.5	0.7	1.0
Ireland	0.5	–	–
Italy	1.3	1.0	0.5
Japan	1.9	1.4	2.7
Netherlands	1.6	3.3	3.8
Peru	0.3	0.6	0.5
Portugal	0.4	–	–
Puerto Rico	–	–	0.6
Russia	–	0.6	0.5
Singapore	1.0	1.1	–
South Africa	–	0.2	–
Spain	1.2	–	–
Sweden	1.1	1.5	1.2
Switzerland	10.4	9.9	9.1
Thailand	0.4	1.4	2.0
Turkey	1.2	0.5	–
United Kingdom	7.3	9.2	10.5
United States	46.5	42.9	44.3
Bond and debenture instruments	0.5	0.8	0.7
Currency spot contracts	0.0	0.0	0.0
Currency forward contracts	1.1	(0.7)	(0.9)

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$178,237,430	\$162,974,280	\$ –	\$341,211,710
Rights	–	30,069	–	30,069
Warrants	36,476,572	–	–	36,476,572
Bond and Debenture Instruments	–	1,940,202	–	1,940,202
Currency Forward Contracts–Assets	–	4,799,773	–	4,799,773
	214,714,002	169,744,324	–	384,458,326
Currency Spot Contracts–Liabilities	(104)	–	–	(104)
Currency Forward Contracts–Liabilities	–	(313,494)	–	(313,494)
	\$214,713,898	\$169,430,830	\$ –	\$384,144,728

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$131,050,235	\$134,162,278	\$ –	\$265,212,513
Warrants	–	29,284,426	–	29,284,426
Bond and Debenture Instruments	–	2,493,895	–	2,493,895
Currency Spot Contracts–Assets	193	–	–	193
Currency Forward Contracts–Assets	–	35,938	–	35,938
	131,050,428	165,976,537	–	297,026,965
Currency Forward Contracts–Liabilities	–	(2,266,650)	–	(2,266,650)
	\$131,050,428	\$163,709,887	\$ –	\$294,760,315

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

Scotia Global Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$48,561,491	\$35,991,726	\$ –	\$84,553,217
Bond and Debenture Instruments	–	656,588	–	656,588
Currency Spot Contracts–Assets	1	–	–	1
Currency Forward Contracts–Assets	–	183,329	–	183,329
	48,561,492	36,831,643	–	85,393,135
Currency Spot Contracts–Liabilities	(55)	–	–	(55)
Currency Forward Contracts–Liabilities	–	(961,785)	–	(961,785)
	(55)	(961,785)	–	(961,840)
	\$48,561,437	\$35,869,858	\$ –	\$84,431,295

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Asset and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

	December 31, 2014			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$4,799,773	\$(287,893)	\$ –	\$4,511,880
Swap contracts	–	–	–	–
Total	\$4,799,773	\$(287,893)	\$ –	\$4,511,880

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 313,494	\$(287,893)	\$ –	\$ 25,601
Swap contracts	–	–	–	–
Total	\$ 313,494	\$(287,893)	\$ –	\$ 25,601

	December 31, 2013			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 35,938	\$ (18,215)	\$ –	\$ 17,723
Swap contracts	–	–	–	–
Total	\$ 35,938	\$ (18,215)	\$ –	\$ 17,723

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$2,266,650	\$ (18,215)	\$ –	\$2,248,435
Swap contracts	–	–	–	–
Total	\$2,266,650	\$ (18,215)	\$ –	\$2,248,435

	January 1, 2013			
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 183,329	\$ (14,379)	\$ –	\$ 168,950
Swap contracts	–	–	–	–
Total	\$ 183,329	\$ (14,379)	\$ –	\$ 168,950

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 961,785	\$ (14,379)	\$ –	\$ 947,406
Swap contracts	–	–	–	–
Total	\$ 961,785	\$ (14,379)	\$ –	\$ 947,406

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

Scotia Global Dividend Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	15.93	15.92	14.14	14.14
Series I	15.89	15.88	14.06	14.06

Scotia Global Growth Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$600,457,101	\$354,158,389	\$265,415,984
Cash	5,973,296	9,720,489	3,787,584
Accrued investment income	159,696	187,735	140,016
Subscriptions receivable	226,368	213,915	49,794
	<u>606,816,461</u>	<u>364,280,528</u>	<u>269,393,378</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	64,261	87,245	—
Redemptions payable	90,605	115,689	60,393
Accrued expenses	2	—	—
Unrealized loss on currency spot contracts	—	726	114
	<u>154,868</u>	<u>203,660</u>	<u>60,507</u>
Net Assets attributable to holders of redeemable units	<u>\$606,661,593</u>	<u>\$364,076,868</u>	<u>\$269,332,871</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$114,604,895	\$104,339,381	\$ 71,863,672
Advisor Series Units	\$ 652,225	\$ 472,063	\$ 30,518
Series F Units	\$ 9,915	\$ 6,684	\$ 4,950
Series I Units	<u>\$491,394,558</u>	<u>\$259,258,740</u>	<u>\$197,433,731</u>
UNITS OUTSTANDING			
Series A Units	2,392,819	2,440,202	2,271,513
Advisor Series Units	13,772	11,137	970
Series F Units	195	149	153
Series I Units	<u>9,466,947</u>	<u>5,693,672</u>	<u>5,933,463</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 47.90	\$ 42.76	\$ 31.64
Advisor Series Units	\$ 47.36	\$ 42.39	\$ 31.46
Series F Units	\$ 50.82	\$ 44.77	\$ 32.45
Series I Units	<u>\$ 51.91</u>	<u>\$ 45.53</u>	<u>\$ 33.27</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 6,331,599	\$ 5,367,488
Interest for distribution purposes	89,196	126,803
Net realized gain (loss) on non-derivative financial assets	20,446,115	19,660,335
Net gain (loss) foreign exchange	180,700	30,294
Change in unrealized appreciation (depreciation) of non-derivative financial assets	43,301,571	76,678,295
Change in unrealized appreciation (depreciation) of currency spots	726	(612)
Net gain (loss) on investments	<u>70,349,907</u>	<u>101,862,603</u>
Securities lending	353,477	182,298
Net realized (gain) loss foreign exchange on cash	(761,970)	(76,834)
Other income	2,917	1,304
Total income (loss)	<u>69,944,331</u>	<u>101,969,371</u>
EXPENSES		
Management fees (note 5)	2,231,217	1,701,128
Administration fees (note 6)	160,187	—
Harmonized Sales Tax/Goods and Services Tax	270,157	209,518
Audit fees	8,612	10,711
Independent Review Committee fees	845	512
Custodian fees	47,119	55,598
Filing fees	31,464	29,992
Legal fees	1,263	1,467
Unitholder reporting costs	26,150	30,642
Unitholder administration and service fees	118,420	185,621
Overdraft charges	7	23
Foreign withholding taxes/tax reclaims	864,080	575,193
Transaction costs	99,785	81,443
Total expenses	<u>3,859,306</u>	<u>2,881,848</u>
Absorbed expenses	(18,127)	(14,231)
Net expenses	<u>3,841,179</u>	<u>2,867,617</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$66,103,152</u>	<u>\$ 99,101,754</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$12,488,824	\$ 25,641,281
Advisor Series Units	\$ 64,807	\$ 55,488
Series F Units	\$ 1,009	\$ 1,858
Series I Units	<u>\$53,548,512</u>	<u>\$ 73,403,127</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 5.10	\$ 11.20
Advisor Series Units	\$ 4.75	\$ 12.37
Series F Units	\$ 5.76	\$ 12.34
Series I Units	<u>\$ 8.02</u>	<u>\$ 12.85</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	2,450,586	2,290,159
Advisor Series Units	13,643	4,486
Series F Units	175	151
Series I Units	<u>6,681,008</u>	<u>5,712,380</u>

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

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

Scotia Global Growth Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 104,339,381	\$ 71,863,672
Advisor Series Units	472,063	30,518
Series F Units	6,684	4,950
Series I Units	259,258,740	197,433,731
	<u>364,076,868</u>	<u>269,332,871</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	12,488,824	25,641,281
Advisor Series Units	64,807	55,488
Series F Units	1,009	1,858
Series I Units	53,548,512	73,403,127
	<u>66,103,152</u>	<u>99,101,754</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(3,237,800)	(3,088,770)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	16,862,227	21,276,351
Advisor Series Units	157,799	416,829
Series F Units	2,294	—
Series I Units	284,264,338	4,435,150
Reinvested distributions		
Series I Units	3,237,800	3,088,770
Payments on redemption		
Series A Units	(19,085,537)	(14,441,923)
Advisor Series Units	(42,444)	(30,772)
Series F Units	(72)	(124)
Series I Units	(105,677,032)	(16,013,268)
	<u>179,719,373</u>	<u>(1,268,987)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	10,265,514	32,475,709
Advisor Series Units	180,162	441,545
Series F Units	3,231	1,734
Series I Units	232,135,818	61,825,009
	<u>242,584,725</u>	<u>94,743,997</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	114,604,895	104,339,381
Advisor Series Units	652,225	472,063
Series F Units	9,915	6,684
Series I Units	491,394,558	259,258,740
	<u>\$ 606,661,593</u>	<u>\$ 364,076,868</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 66,103,152	\$ 99,101,754
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(20,446,115)	(19,660,335)
Net unrealized (gain) loss foreign exchange on cash	(107,066)	4,375
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(43,301,571)	(76,678,295)
Change in unrealized (appreciation) depreciation of currency spot contracts	(726)	612
Purchases of non-derivative financial assets	(252,394,275)	(58,605,062)
Proceeds from sale of non-derivative financial assets	69,720,480	74,080,605
Transaction costs	99,785	81,443
Accrued investment income	28,039	(47,719)
Accrued expenses	2	—
Net cash provided by (used in) operating activities	<u>(180,298,295)</u>	<u>18,277,378</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	301,274,205	18,090,693
Amounts paid on redemption of redeemable units	(124,830,169)	(30,430,791)
Net cash provided by (used in) financing activities	<u>176,444,036</u>	<u>(12,340,098)</u>
Net unrealized (gain) loss foreign exchange on cash	107,066	(4,375)
Net increase (decrease) in cash	(3,854,259)	5,937,280
Cash (Bank Indebtedness) at beginning of period	9,720,489	3,787,584
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 5,973,296</u>	<u>\$ 9,720,489</u>
Interest received(1)	90,842	123,752
Dividends received, net of withholding taxes(1)	5,493,911	4,747,628

(1) Classified as operating items.

Scotia Global Growth Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 99.0%				EQUITIES – (cont'd)			
CANADIAN EQUITIES – 1.6%				FOREIGN EQUITIES – (cont'd)			
Industrials – 0.6%				UNITED STATES – (cont'd)			
116,702	Ritchie Bros. Auctioneers Incorporated	2,758,699	3,641,774	Information Technology – (cont'd)			
Financials – 1.0%				187,957	FLIR Systems, Inc.	5,780,589	7,047,570
10,404	Fairfax Financial Holdings Limited	4,324,766	6,326,675	17,605	Google Inc. Class C	7,296,744	10,754,639
TOTAL CANADIAN EQUITIES				77,065	MasterCard, Inc., Class A	3,532,278	7,707,842
				67,400	QUALCOMM, Inc.	5,024,434	5,813,905
FOREIGN EQUITIES – 97.4%				42,561	Teradata Corporation	2,488,297	2,157,438
UNITED STATES – 49.0%				251,040	Teradyne, Inc.	4,633,060	5,765,442
Energy – 2.0%				33,076	Twitter, Inc.	1,201,066	1,376,855
78,282	EOG Resources, Inc.	4,873,667	8,364,191	25,401	Visa Inc.	4,421,120	7,729,073
261,335	Ultra Petroleum Corp.	6,089,925	3,995,693	107,948	Xilinx, Inc.	4,137,884	5,423,081
</							

Scotia Global Growth Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – (cont'd)			
FOREIGN EQUITIES – (cont'd)			
Singapore – 0.8%			
64,000	Jardine Matheson Holdings Limited	3,581,026	4,519,527
South Africa – 3.2%			
130,048	Naspers Limited N Shares	8,107,333	19,426,129
South Korea – 2.1%			
64,010	Hynix Semiconductor Inc.	2,683,102	3,214,449
13,850	Samsung Electronics Co., Ltd. GDR	6,439,592	9,659,893
		9,122,694	12,874,342
Spain – 0.7%			
542,405	Distribuidora Internacional de Alimentacion SA	4,665,807	4,231,620
Sweden – 3.0%			
237,581	Atlas Copco AB, Class B	4,943,857	7,065,546
144,466	Svenska Handelsbanken AB	5,350,351	7,828,970
266,134	Volvo AB, Class B	3,615,686	3,335,856
		13,909,894	18,230,372
Switzerland – 5.6%			
45,493	Compagnie Financiere Richemont SA, Class A	2,393,307	4,675,478
123,199	Nestle SA	7,310,994	10,478,017
38,790	Roche Holdings AG	8,290,340	12,198,677
40,183	Schindler Holdings AG	3,966,103	6,727,381
		21,960,744	34,079,553
Taiwan – 2.2%			
520,396	Taiwan Semiconductor Manufacturing Company Ltd. ADR	9,175,022	13,515,681
United Kingdom – 9.7%			
65,423	Aggreko PLC	1,059,190	1,768,850
62,440	British American Tobacco PLC	2,949,205	3,937,021
169,060	Bunzl PLC	3,073,704	5,348,089
112,995	Coca-Cola HBC AG	2,684,405	2,494,939
176,456	CRH PLC	4,915,831	4,863,736
1,408,404	Hays Plc.	2,209,930	3,661,188
742,541	Prudential PLC	11,341,025	19,829,507
398,197	Rolls-Royce Group PLC	4,925,203	6,224,925
35,837,730	Rolls-Royce Group PLC, Class C*	64,590	64,820
320,229	Sberbank of Russia	3,310,749	1,493,291
149,807	Tullow Oil PLC	2,088,997	1,099,974
125,056	Wolseley PLC	6,091,531	8,261,665
		44,714,360	59,048,005
	TOTAL FOREIGN EQUITIES	436,887,086	590,488,652
	TOTAL INVESTMENT PORTFOLIO	443,970,551	600,457,101
	OTHER ASSETS, LESS LIABILITIES – 1.0%		6,204,492
	NET ASSETS – 100.0%		606,661,593

* This security is not actively traded and is considered illiquid.

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Global Growth Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of equity securities of companies around the world.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of net assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$364,016,403	\$269,397,944
Revaluation of Investments at FVTPL	60,465	(65,073)
Net assets attributable to holders of redeemable units	\$364,076,868	\$269,332,871

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$98,976,216
Revaluation of Investments at FVTPL	125,538
Increase (decrease) in net assets attributable to holders of redeemable units	\$99,101,754

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	356,081,835	58.7	35,608,184	5.9
British Pound	59,714,075	9.8	5,971,408	1.0
Japanese Yen	41,262,924	6.8	4,126,292	0.7
Swiss Franc	34,079,553	5.6	3,407,955	0.6
European Euro	23,209,944	3.8	2,320,994	0.4
South African Rand	19,426,129	3.2	1,942,613	0.3
Swedish Krona	18,230,371	3.0	1,823,037	0.3
Hong Kong Dollar	17,729,181	2.9	1,772,918	0.3
Norwegian Krone	10,388,239	1.7	1,038,824	0.2
Danish Krone	7,723,952	1.3	772,395	0.1
Australian Dollar	5,538,425	0.9	553,843	0.1
South Korean Won	3,214,449	0.5	321,445	0.1
Brazilian Real	2,699,218	0.4	269,922	—
Indonesian Rupiah	1,231,063	0.2	123,106	—
Total	600,529,358	98.8	60,052,936	10.0

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

Scotia Global Growth Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	202,676,305	55.7	20,267,631	5.6
British Pound	40,936,264	11.2	4,093,626	1.1
Japanese Yen	26,080,743	7.2	2,608,074	0.7
Swiss Franc	21,881,229	6.0	2,188,123	0.6
Swedish Krona	17,803,547	4.9	1,780,355	0.5
South African Rand	9,730,947	2.7	973,095	0.3
Hong Kong Dollar	9,681,278	2.7	968,128	0.3
European Euro	7,834,318	2.2	783,432	0.2
Danish Krone	6,009,346	1.7	600,935	0.2
Norwegian Krone	4,144,201	1.1	414,420	0.1
Australian Dollar	3,509,155	1.0	350,915	0.1
Brazilian Real	2,050,446	0.6	205,045	0.1
Turkish Lira	1,149,050	0.3	114,905	–
Indonesian Rupiah	784,330	0.2	78,433	–
Total	354,271,158	97.5	35,427,117	9.8

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	138,982,360	51.6	13,898,236	5.2
British Pound	31,283,952	11.6	3,128,395	1.2
Swiss Franc	21,286,971	7.9	2,128,697	0.8
Swedish Krona	15,181,749	5.6	1,518,175	0.6
Japanese Yen	11,750,638	4.4	1,175,064	0.4
South African Rand	9,066,028	3.4	906,603	0.3
European Euro	7,434,913	2.8	743,491	0.3
Hong Kong Dollar	6,724,806	2.5	672,481	0.2
Brazilian Real	4,640,880	1.7	464,088	0.2
Danish Krone	4,580,229	1.7	458,023	0.2
Australian Dollar	4,127,216	1.5	412,722	0.2
Turkish Lira	4,005,426	1.5	400,543	0.1
Norwegian Krone	3,150,530	1.2	315,053	0.1
Singapore Dollar	2,572,781	1.0	257,278	0.1
Indonesian Rupiah	865,843	0.3	86,584	–
Total	265,654,323	98.7	26,565,433	9.9

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.0% (December 31, 2013 – 97.3%, January 1, 2013 – 98.5%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$60,045,710 (December 31, 2013 – \$35,409,792, January 1, 2013 – \$26,548,106). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

Scotia Global Growth Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$154,868	\$ –	\$202,934	\$ –	\$60,393
Unrealized loss on currency forward contracts	–	–	–	726	–	114
Redeemable units	606,661,593	–	364,076,868	–	269,332,871	–
	\$606,661,593	\$154,868	\$364,076,868	\$203,660	\$269,332,871	\$60,507

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities	1.6	1.5	2.6
Foreign Equities			
United States	49.0	48.4	39.6
Australia	0.9	1.0	1.5
Brazil	0.5	0.6	3.5
Denmark	1.3	1.7	1.7
Germany	1.5	0.8	0.8
Greece	–	–	1.6
Hong Kong	2.9	2.6	2.5
India	1.1	0.7	–
Indonesia	0.2	0.2	0.3
Ireland	3.6	2.8	1.9
Italy	0.6	–	–
Japan	6.8	7.1	4.4
Mexico	–	–	0.9
Netherlands	–	–	1.1
Norway	1.7	1.1	1.2
Russia	–	0.4	–
Singapore	0.8	0.7	2.1
South Africa	3.2	2.7	3.4
South Korea	2.1	1.3	1.9
Spain	0.7	0.5	–
Sweden	3.0	4.9	5.6
Switzerland	5.6	6.0	7.9
Taiwan	2.2	1.2	1.5
Turkey	–	0.3	1.5
United Kingdom	9.7	10.8	11.0
Currency Spot Contracts	–	–	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$340,348,691	\$260,108,410	\$ –	\$600,457,101
December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$195,867,342	\$158,291,047	\$ –	\$354,158,389
Currency Spot Contracts–Liabilities	(726)	–	–	(726)
	\$195,866,616	\$158,291,047	\$ –	\$354,157,663

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

Scotia Global Growth Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$132,331,662	\$133,084,322	\$ –	\$265,415,984
Currency Spot Contracts – Liabilities	(114)	–	–	(114)
	\$132,331,548	\$133,084,322	\$ –	\$265,415,870

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia Global Growth Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	47.90	47.90	42.75	42.76
Advisor Series	47.36	47.36	42.38	42.39
Series F	50.82	50.82	44.77	44.77
Series I	51.90	50.91	45.53	45.53

Scotia Global Small Cap Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$44,486,336	\$59,764,187	\$48,070,583
Unrealized gain on currency spot contracts	6	—	—
Unrealized gain on currency forward contracts	1,917	57,881	—
Cash	1,731,246	212,937	1,895,700
Accrued investment income	4,090	12	11,735
Subscriptions receivable	1,110	14,699	489
	<u>46,224,705</u>	<u>60,049,716</u>	<u>49,978,507</u>
LIABILITIES			
Current liabilities			
Redemptions payable	6,113	—	1,288
Unrealized loss on currency forward contracts	2,766	—	155,201
	<u>8,879</u>	<u>—</u>	<u>156,489</u>
Net Assets attributable to holders of redeemable units	<u>\$46,215,826</u>	<u>\$60,049,716</u>	<u>\$49,822,018</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$ 3,174,315	\$ 2,932,797	\$ 2,206,259
Series I Units	<u>\$43,041,511</u>	<u>\$57,116,919</u>	<u>\$47,615,759</u>
UNITS OUTSTANDING			
Series A Units	357,434	374,421	375,793
Series I Units	<u>4,468,443</u>	<u>6,791,362</u>	<u>7,681,208</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 8.88	\$ 7.83	\$ 5.87
Series I Units	<u>\$ 9.63</u>	<u>\$ 8.41</u>	<u>\$ 6.20</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 836,982	\$ 680,001
Interest for distribution purposes	2,987	1,576
Net realized gain (loss) on non-derivative financial assets	8,581,557	6,658,888
Net realized gain (loss) on currency forwards	165,690	(697,462)
Net gain (loss) foreign exchange	26,511	55,707
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(1,858,891)	10,435,462
Change in unrealized appreciation (depreciation) of currency spots	6	—
Change in unrealized appreciation (depreciation) of currency forwards	(58,730)	213,082
Net gain (loss) on investments	<u>7,696,112</u>	<u>17,347,254</u>
Securities lending	53,418	4,310
Net realized (gain) loss foreign exchange on cash	56,849	(40,279)
Other income	1,777	103
Total income (loss)	<u>7,808,156</u>	<u>17,311,388</u>
EXPENSES		
Management fees (note 5)	75,137	56,817
Administration fees (note 6)	17,349	—
Harmonized Sales Tax/Goods and Services Tax	11,930	9,624
Audit fees	1,295	1,199
Independent Review Committee fees	123	95
Custodian fees	9,867	15,560
Filing fees	9,993	15,784
Legal fees	196	268
Unitholder reporting costs	7,012	9,564
Unitholder administration and service fees	8,387	13,290
Overdraft charges	14,352	9,618
Foreign withholding taxes/tax reclaims	93,636	64,484
Transaction costs	<u>94,879</u>	<u>124,505</u>
Total expenses	344,156	320,808
Absorbed expenses	<u>(11,356)</u>	<u>(17,819)</u>
Net expenses	<u>332,800</u>	<u>302,989</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 7,475,356</u>	<u>\$17,008,399</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 367,959	\$ 708,739
Series I Units	<u>\$ 7,107,397</u>	<u>\$16,299,660</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.94	\$ 1.96
Series I Units	<u>\$ 1.19</u>	<u>\$ 2.28</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	391,532	361,152
Series I Units	<u>5,992,167</u>	<u>7,145,565</u>

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

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

Scotia Global Small Cap Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 2,932,797	\$ 2,206,259
Series I Units	57,116,919	47,615,759
	<u>60,049,716</u>	<u>49,822,018</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	367,959	708,739
Series I Units	7,107,397	16,299,660
	<u>7,475,356</u>	<u>17,008,399</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(694,766)	(574,373)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,222,353	608,786
Series I Units	29,748,814	599,000
Reinvested distributions		
Series I Units	694,766	574,373
Payments on redemption		
Series A Units	(1,348,794)	(590,987)
Series I Units	(50,931,619)	(7,397,500)
	<u>(20,614,480)</u>	<u>(6,206,328)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	241,518	726,538
Series I Units	(14,075,408)	9,501,160
	<u>(13,833,890)</u>	<u>10,227,698</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	3,174,315	2,932,797
Series I Units	43,041,511	57,116,919
	<u>\$ 46,215,826</u>	<u>\$ 60,049,716</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 7,475,356	\$ 17,008,399
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(8,581,557)	(6,658,888)
Net unrealized (gain) loss foreign exchange on cash	(104,736)	(21,335)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	1,858,891	(10,435,462)
Change in unrealized (appreciation) depreciation of forward currency contracts	58,730	(213,082)
Change in unrealized (appreciation) depreciation of currency spot contracts	(6)	–
Purchases of non-derivative financial assets	(39,396,205)	(56,854,242)
Proceeds from sale of non-derivative financial assets	61,301,843	62,130,483
Transaction costs	94,879	124,505
Accrued investment income	(4,078)	11,723
Net cash provided by (used in) operating activities	<u>22,703,117</u>	<u>5,092,101</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	30,984,756	1,193,576
Amounts paid on redemption of redeemable units	(52,274,300)	(7,989,775)
Net cash provided by (used in) financing activities	<u>(21,289,544)</u>	<u>(6,796,199)</u>
Net unrealized (gain) loss foreign exchange on cash	104,736	21,335
Net increase (decrease) in cash	1,413,573	(1,704,098)
Cash (Bank Indebtedness) at beginning of period	212,937	1,895,700
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 1,731,246</u>	<u>\$ 212,937</u>
Interest received(1)	2,734	1,912
Dividends received, net of withholding taxes(1)	739,521	626,904

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 96.3%			
CANADIAN EQUITIES – 0.8%			
Industrials – 0.8%			
107,700	Baylin Technologies Inc.	861,600	345,717
FOREIGN EQUITIES – 95.5%			
United States – 68.2%			
Industrials – 5.2%			
7,800	Acuity Brands Inc.	941,258	1,268,213
8,600	Rockwell Automation, Inc.	1,174,184	1,109,507
		<u>2,115,442</u>	<u>2,377,720</u>
Consumer Discretionary – 15.4%			
16,600	AMC Networks Inc, Class A	792,511	1,228,481
11,000	Carter's Inc.	930,732	1,114,297
16,200	Expedia, Inc.	1,114,517	1,604,772
13,900	IAC/InterActive Corporation	602,180	980,598
33,900	Kate Spade & Company	1,311,504	1,259,300
31,300	Live Nation Entertainment Inc.	357,051	948,408
		<u>5,108,495</u>	<u>7,135,856</u>
Consumer Staples – 3.2%			
24,900	Diamond Foods Inc.	638,888	815,744
13,700	Post Holdings Inc.	829,578	666,001
		<u>1,468,466</u>	<u>1,481,745</u>
Health Care – 6.0%			
12,400	BioMarin Pharmaceutical Inc.	877,633	1,301,518
15,100	PerkinElmer, Inc.	603,920	766,303
6,800	Varian Medical Systems, Inc.	614,185	682,486
		<u>2,095,738</u>	<u>2,750,307</u>
Financials – 9.6%			
30,300	E*Trade Financial Corporation	755,331	852,880
30,800	Interactive Brokers Group Inc., Class A	755,769	1,042,275
63,300	Janus Capital Group Inc.	559,257	1,184,901
23,600	Lazard Ltd.	904,421	1,370,208
		<u>2,974,778</u>	<u>4,450,264</u>
Information Technology – 15.9%			
23,000	NCR Corporation	801,396	777,388
9,100	Paychex, Inc.	321,396	487,579
45,400	QLIK Technologies Inc.	1,195,441	1,627,488
14,700	Tableau Software Inc.	1,362,798	1,445,946
9,600	The Ultimate Software Group, Inc.	1,328,793	1,635,632
15,100	Zebra Technologies Corporation, Class A	1,240,437	1,356,494
		<u>6,250,261</u>	<u>7,330,527</u>
Telecommunication Services – 12.9%			
40,265	Level 3 Communications, Inc.	922,098	2,307,396
18,900	Heartland Payment Systems, Inc.	592,844	1,182,758
21,600	Jarden Corporation	909,770	1,199,819
49,900	Manitowoc Company, Inc., The	1,055,855	1,279,784
		<u>3,480,567</u>	<u>5,969,757</u>
	Total United States Equities	<u>23,493,747</u>	<u>31,496,176</u>
Austria – 1.3%			
7,100	Schoeller-Bleckmann Oilfield Equipment AG	757,836	594,944
Japan – 3.3%			
79,000	Daiwa Securities Group Inc.	740,877	713,965
32,700	Stanley Electric Co., Ltd.	807,957	820,255
		<u>1,548,834</u>	<u>1,534,220</u>
Netherlands – 3.4%			
9,500	Sensata Technologies Holding NV	354,926	577,640
131,000	TNT Express NV	1,340,925	1,009,833
		<u>1,695,851</u>	<u>1,587,473</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Global Small Cap Fund (Continued)

STATEMENT OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
CANADIAN EQUITIES (cont'd)				CANADIAN EQUITIES (cont'd)			
Norway – 1.3%				United Kingdom (cont'd)			
78,700	Orkla ASA	687,759	620,849	24,500	Spirax-Sarco Engineering PLC	1,249,320	1,263,513
Spain – 7.5%				136,200	Standard Life PLC	806,089	973,693
60,000	Almirall SA	876,327	1,150,615			4,090,083	4,852,291
25,400	Amadeus IT Holding SA, Class A	881,029	1,171,087		TOTAL FOREIGN EQUITIES	34,858,402	44,140,619
18,400	Viscofan, SA	826,936	1,132,964		TOTAL INVESTMENT PORTFOLIO	35,720,002	44,486,336
		2,584,292	3,454,666				
United Kingdom – 10.5%					Currency Spot Contracts – 0.0%		6
21,800	Burberry Group PLC	613,994	641,023		Currency Forward Contracts – 0.0%		(849)
20,700	InterContinental Hotels Group	680,384	962,603		OTHER ASSETS, LESS LIABILITIES – 3.7%		1,730,333
165,400	Kingfisher PLC	740,296	1,011,459		NET ASSETS – 100.0%		46,215,826

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 5, 2015	Canadian Dollar	19,396	Japanese Yen	2,001,239	19,389	6

The currency spot contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jan. 15, 2015	Canadian Dollar	1,311,189	Japanese Yen	135,000,000	1,309,272	1,917
Jan. 15, 2015	Canadian Dollar	142,708	Japanese Yen	15,000,000	145,474	(2,766)
						(849)

The currency forward contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A by Standard & Poor's.

Scotia Global Small Cap Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve long-term capital growth. It invests primarily in equity securities of smaller companies located around the world.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of net assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$60,023,810	\$49,737,093
Revaluation of Investments at FVTPL	25,906	84,925
Net assets attributable to holders of redeemable units	\$60,049,716	\$49,822,018

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$17,067,418
Revaluation of Investments at FVTPL	(59,019)
Increase (decrease) in net assets attributable to holders of redeemable units	\$17,008,399

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	33,043,475	71.5	3,304,348	7.1
European Euro	5,068,743	11.0	506,874	1.1
British Pound	4,852,290	10.5	485,229	1.0
Norwegian Krone	620,849	1.3	62,085	0.1
Japanese Yen	79,474	0.2	7,947	0.0
Total	43,664,831	94.5	4,366,483	9.3

Scotia Global Small Cap Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
U.S. Dollar	36,714,470	61.1	3,671,447	6.1
European Euro	9,752,906	16.2	975,291	1.6
British Pound	7,203,260	12.0	720,326	1.2
Singapore Dollar	1,302,435	2.2	130,243	0.2
Mexican Peso	1,148,920	1.9	114,892	0.2
Norwegian Krone	1,051,105	1.8	105,111	0.2
Japanese Yen	100,036	0.2	10,004	0.0
Total	57,273,132	95.4	5,727,314	9.5

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
European Euro	7,318,400	14.7	731,840	1.5
U.S. Dollar	3,580,764	7.2	358,076	0.7
South African Rand	1,849,875	3.7	184,988	0.4
British Pound	1,294,244	2.6	129,424	0.3
Swiss Franc	1,248,335	2.5	124,833	0.3
Singapore Dollar	1,149,892	2.3	114,989	0.2
Mexican Peso	1,077,905	2.2	107,791	0.2
Total	17,519,415	35.2	1,751,941	3.6

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 96.3% (December 31, 2013 – 99.6%, January 1, 2013 – 96.5%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$4,448,634 (December 31, 2013 – \$5,973,828, January 1, 2013 – \$4,798,566). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$6,113	\$ –	\$ –	\$ –	\$ 1,288
Unrealized loss on currency forward contracts	–	2,766	–	–	–	155,201
Unrealized loss on currency spot contracts	–	–	–	–	–	–
Redeemable units	46,215,826	–	60,049,716	–	49,822,018	–
	\$46,215,826	\$8,879	\$60,049,716	\$ –	\$49,822,018	\$156,489

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

Scotia Global Small Cap Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities	0.8	2.3	6.3
Foreign Equities			
United States	68.2	58.5	57.2
Austria	1.3	1.8	2.7
India	–	–	2.3
Italy	–	–	3.0
Japan	3.3	2.3	–
Mexico	–	1.9	2.2
Netherlands	3.4	4.9	2.8
Norway	1.3	1.8	–
Singapore	–	2.2	2.3
South Africa	–	–	3.7
Spain	7.5	11.9	8.9
Switzerland	–	–	2.5
United Kingdom	10.5	12.0	2.6
Currency Forward Contracts	0.0	0.1	(0.3)
Currency Spot Contracts	0.0	–	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$32,419,533	\$12,066,803	\$ –	\$44,486,336
Currency Spot Contracts–Assets	6	–	–	6
Currency Forward Contracts–Assets	–	1,917	–	1,917
	32,419,539	12,068,720	–	44,488,259
Currency Forward Contracts–Liabilities	–	(2,766)	–	(2,766)
	\$32,419,539	\$12,065,954	\$ –	\$44,485,493

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$39,103,002	\$20,661,185	\$ –	\$59,764,187
Currency Forward Contracts–Liabilities	–	57,881	–	57,881
	\$39,103,002	\$20,719,066	\$ –	\$59,822,068

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$34,117,721	\$13,952,862	\$ –	\$48,070,583
Currency Forward Contracts–Liabilities	–	(155,201)	–	(155,201)
	\$34,117,721	\$13,797,661	\$ –	\$47,915,382

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia Global Small Cap Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Financial assets – by type	December 31, 2014			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 1,917	\$(1,917)	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ 1,917	\$(1,917)	\$ –	\$ –

Financial liabilities – by type	December 31, 2014			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 2,766	\$(1,917)	\$ –	\$ 849
Swap contracts	–	–	–	–
Total	\$ 2,766	\$(1,917)	\$ –	\$ 849

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 57,881	\$ –	\$ –	\$ 57,881
Swap contracts	–	–	–	–
Total	\$ 57,881	\$ –	\$ –	\$ 57,881

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$155,201	\$ –	\$ –	\$155,201
Swap contracts	–	–	–	–
Total	\$155,201	\$ –	\$ –	\$155,201

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	8.88	8.88	7.83	7.83
Series I	9.63	9.63	8.41	8.41

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

Scotia Global Opportunities Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$ 111,182,018	\$83,366,825	\$63,543,904
Unrealized gain on currency forward contracts	—	—	23,163
Cash	4,043,464	1,263,181	4,646,550
Accrued investment income	93,189	63,749	28,142
Subscriptions receivable	15,257	9,720	13,781
	<u>115,333,928</u>	<u>84,703,475</u>	<u>68,255,540</u>
LIABILITIES			
Current liabilities			
Redemptions payable	12,059	695	2,616
Unrealized loss on currency forward contracts	—	—	189,532
	<u>12,059</u>	<u>695</u>	<u>192,148</u>
Net Assets attributable to holders of redeemable units	<u>\$ 115,321,869</u>	<u>\$84,702,780</u>	<u>\$68,063,392</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$ 9,309,524	\$ 8,234,942	\$ 6,470,175
Advisor Series Units	\$ 278,797	\$ 215,438	\$ 166,441
Series F Units	\$ —	\$ —	\$ —
Series I Units	<u>\$105,733,548</u>	<u>\$76,252,400</u>	<u>\$61,426,776</u>
UNITS OUTSTANDING			
Series A Units	886,293	787,715	800,529
Advisor Series Units	27,329	21,233	21,233
Series F Units	—	—	—
Series I Units	<u>9,410,767</u>	<u>6,955,312</u>	<u>7,344,238</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 10.50	\$ 10.45	\$ 8.08
Advisor Series Units	\$ 10.20	\$ 10.15	\$ 7.84
Series F Units	—	—	—
Series I Units	<u>\$ 11.24</u>	<u>\$ 10.96</u>	<u>\$ 8.36</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 1,327,566	\$ 1,539,588
Interest for distribution purposes	14,872	(22,219)
Net realized gain (loss) on non-derivative financial assets	11,461,424	13,499,657
Net realized gain (loss) on currency forwards	—	(1,420,258)
Net gain (loss) foreign exchange	74,886	127,506
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(2,048,030)	8,293,261
Change in unrealized appreciation (depreciation) of currency forwards	—	166,369
Net gain (loss) on investments	<u>10,830,718</u>	<u>22,183,904</u>
Securities lending	5,321	5,126
Net realized (gain) loss foreign exchange on cash	(41,527)	(72,343)
Other income	195	195
Total income (loss)	<u>10,794,707</u>	<u>22,116,882</u>
EXPENSES		
Management fees (note 5)	203,085	160,920
Administration fees (note 6)	32,653	—
Harmonized Sales Tax/Goods and Services Tax	28,220	22,515
Audit fees	1,911	2,336
Independent Review Committee fees	187	129
Custodian fees	9,663	18,756
Filing fees	23,600	27,199
Legal fees	285	366
Unitholder reporting costs	8,008	9,776
Unitholder administration and service fees	13,915	20,582
Overdraft charges	475	5,587
Foreign withholding taxes/tax reclaims	220,742	196,539
Transaction costs	<u>437,896</u>	<u>296,130</u>
Total expenses	980,640	760,835
Absorbed expenses	<u>(14,458)</u>	<u>(12,293)</u>
Net expenses	<u>966,182</u>	<u>748,542</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 9,828,525</u>	<u>\$21,368,340</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 589,191	\$ 1,866,102
Advisor Series Units	\$ 18,376	\$ 48,997
Series F Units	\$ 121	\$ —
Series I Units	<u>\$ 9,220,837</u>	<u>\$19,453,241</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.70	\$ 2.38
Advisor Series Units	\$ 0.73	\$ 2.31
Series F Units	\$ 0.54	\$ —
Series I Units	<u>\$ 1.23</u>	<u>\$ 2.75</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	844,855	785,315
Advisor Series Units	25,280	21,233
Series F Units	225	—
Series I Units	<u>7,480,573</u>	<u>7,082,533</u>

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

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

Scotia Global Opportunities Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 8,234,942	\$ 6,470,175
Advisor Series Units	215,438	166,441
Series F Units	–	–
Series I Units	76,252,400	61,426,776
	<u>84,702,780</u>	<u>68,063,392</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	589,191	1,866,102
Advisor Series Units	18,376	48,997
Series F Units	121	–
Series I Units	9,220,837	19,453,241
	<u>9,828,525</u>	<u>21,368,340</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series I Units	(769,265)	(1,086,919)
From realized gain		
Series A Units	(556,264)	–
Advisor Series Units	(16,680)	–
Series I Units	(6,316,978)	–
	<u>(7,659,187)</u>	<u>(1,086,919)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	2,818,660	1,328,995
Advisor Series Units	46,550	–
Series F Units	2,343	–
Series I Units	53,447,928	2,880,500
Reinvested distributions		
Series A Units	553,495	–
Advisor Series Units	16,680	–
Series I Units	7,086,244	1,086,919
Payments on redemption		
Series A Units	(2,330,500)	(1,430,330)
Advisor Series Units	(1,567)	–
Series F Units	(2,464)	–
Series I Units	(33,187,618)	(7,508,117)
	<u>28,449,751</u>	<u>(3,642,033)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	1,074,582	1,764,767
Advisor Series Units	63,359	48,997
Series F Units	–	–
Series I Units	29,481,148	14,825,624
	<u>30,619,089</u>	<u>16,639,388</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	9,309,524	8,234,942
Advisor Series Units	278,797	215,438
Series F Units	–	–
Series I Units	105,733,548	76,252,400
	<u>\$115,321,869</u>	<u>\$84,702,780</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 9,828,525	\$ 21,368,340
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(11,461,424)	(13,499,657)
Net unrealized (gain) loss foreign exchange on cash	(177,791)	(67,616)
Change in unrealized (appreciation) depreciation on sale of non- derivative financial assets	2,048,030	(8,293,261)
Change in unrealized (appreciation) depreciation of forward currency contracts	–	(166,369)
Purchases of non-derivative financial assets	(280,657,484)	(160,844,321)
Proceeds from sale of non-derivative financial assets	261,817,789	162,518,190
Transaction costs	437,896	296,130
Accrued investment income	(29,440)	(35,607)
Net cash provided by (used in) operating activities	<u>(18,193,899)</u>	<u>1,275,829</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	56,309,944	4,213,556
Amounts paid on redemption of redeemable units	(35,510,785)	(8,940,370)
Distributions to unitholders of redeemable units	(2,768)	–
Net cash provided by (used in) financing activities	<u>20,796,391</u>	<u>(4,726,814)</u>
Net unrealized (gain) loss foreign exchange on cash	177,791	67,616
Net increase (decrease) in cash	2,602,492	(3,450,985)
Cash (Bank Indebtedness) at beginning of period	1,263,181	4,646,550
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 4,043,464</u>	<u>\$ 1,263,181</u>
Interest received(1)	14,784	(20,724)
Dividends received, net of withholding taxes(1)	1,077,472	1,305,948

(1) Classified as operating items.

Scotia Global Opportunities Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 96.4%			
Canadian Equities – 1.9%			
27,900	Canadian National Railway Company	1,785,195	2,232,558
Finland – 1.9%			
78,292	Nokian Renkaat Oyj	2,395,228	2,225,004
Hong Kong – 7.5%			
142,400	Cheung Kong (Holdings) Limited	2,894,411	2,757,732
212,700	China Mobile Limited	2,877,793	2,900,027
2,716,500	Li & Fung Limited	3,274,148	2,948,487
		9,046,352	8,606,246
Israel – 3.1%			
100,300	Frutarom	1,305,865	3,590,118
Japan – 9.2%			
105,800	Aeon Delight Co., Ltd.	2,781,123	2,849,716
72,100	Hoya Corporation	2,528,492	2,801,422
202,000	Mitsubishi Electric Corporation	2,842,244	2,791,024
7,100	SMC Corporation	2,097,863	2,145,637
		10,249,722	10,587,799
Norway – 2.0%			
121,900	Gjensidige Forsikring ASA	2,287,873	2,298,355
South Africa – 1.6%			
99,500	Imperial Holdings Limited	1,940,350	1,830,154
South Korea – 2.6%			
2,100	Samsung Electronics Co., Ltd.	2,759,041	2,943,978
Sweden – 2.1%			
40,000	Assa Abloy AB Series B	2,269,425	2,453,404
Switzerland – 9.7%			
22,200	Lonza Group AG	2,925,405	2,902,853
33,700	Nestle SA	2,890,351	2,866,169
2,900	Schweiter Technologies AG	1,947,590	2,626,134
1,200	SGS SA	2,875,258	2,838,867
		10,638,604	11,234,023
United Kingdom – 2.6%			
72,100	Intertek Group PLC	2,900,454	3,032,940
United States – 52.2%			
29,700	DIRECTV	2,938,355	2,988,267
17,400	Costco Wholesale Corporation	2,540,360	2,862,307
27,300	CVS Caremark Corporation	2,281,454	3,051,251
33,800	Medtronic, Inc.	2,371,288	2,832,030
78,500	Pfizer Inc.	2,872,215	2,837,734
21,400	American Express Company	1,875,783	2,310,241
36,900	American International Group, Inc.	2,173,906	2,398,479
27,500	Berkshire Hathaway Inc., Class B	4,016,953	4,791,836
55,200	Morgan Stanley	2,104,545	2,486,466
37,100	Principal Financial Group, Inc.	2,096,752	2,236,247
59,500	Hewlett-Packard Company	2,222,751	2,771,994
35,800	Apple Inc.	3,573,899	4,585,824
36,200	Citigroup Inc.	2,102,435	2,273,790
14,000	Deere & Company	1,405,123	1,437,368
53,500	Microsoft Corporation	2,951,407	2,883,921
20,200	SanDisk Corporation	2,116,438	2,296,850
24,700	Schlumberger Limited	2,721,530	2,448,215
43,800	Teva Pharmaceutical Industries Ltd. ADR	2,594,355	2,923,219
27,000	United Rental, Inc.	2,665,826	3,198,515
35,800	Walt Disney Company, The	2,902,293	3,912,159
20,400	Western Digital Corporation	2,179,968	2,620,726
		52,707,636	60,147,439
	TOTAL INVESTMENT PORTFOLIO	100,285,745	111,182,018
	OTHER ASSETS, LESS LIABILITIES – 3.6%		4,139,851
	NET ASSETS – 100.0%		115,321,869

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Global Opportunities Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve long-term capital growth. It invests primarily in a more concentrated portfolio of equity securities of companies located around the world.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$84,695,989	\$68,062,814
Revaluation of Investments at FVTPL	6,791	578
Net assets attributable to holders of redeemable units	\$84,702,780	\$68,063,392

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$21,362,128
Revaluation of Investments at FVTPL	6,212
Increase (decrease) in net assets attributable to holders of redeemable units	\$21,368,340

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	64,150,166	55.6	6,415,017	5.6
Swiss Franc	11,234,023	9.7	1,123,402	1.0
Japanese Yen	10,624,619	9.2	1,062,462	0.9
Hong Kong Dollar	8,606,245	7.5	860,625	0.7
Israel Shekel	3,590,118	3.1	359,012	0.3
British Pound	3,032,936	2.6	303,294	0.3
South Korean Won	2,943,978	2.6	294,398	0.3
Swedish Krona	2,453,404	2.1	245,340	0.2
Norwegian Krone	2,311,464	2.0	231,146	0.2
European Euro	2,225,004	1.9	222,500	0.2
South African Rand	1,830,154	1.6	183,015	0.2
Total	113,002,111	97.9	11,300,211	9.9

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

Scotia Global Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	51,164,331	60.4	5,116,433	6.0
Japanese Yen	13,849,164	16.4	1,384,916	1.6
European Euro	7,028,267	8.3	702,827	0.8
Swiss Franc	6,091,093	7.2	609,109	0.7
Israel Shekel	3,561,195	4.2	356,119	0.4
British Pound	2,473,803	2.9	247,380	0.3
Total	84,167,854	99.4	8,416,784	9.8

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	11,345,949	16.7	1,134,595	1.7
Swiss Franc	8,981,614	13.2	898,161	1.3
European Euro	6,619,274	9.7	661,927	1.0
British Pound	5,601,046	8.2	560,105	0.8
Israel Shekel	3,764,163	5.5	376,416	0.6
Total	36,312,045	53.3	3,631,204	5.4

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 96.4% (December 31, 2013 – 98.4%, January 1, 2013 – 93.3%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$11,118,202 (December 31, 2013 – \$8,336,003, January 1, 2013 – \$6,354,333). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$12,059	\$ –	\$695	\$ –	\$ 2,616
Unrealized loss on currency forward contracts	–	–	–	–	–	189,532
Redeemable units	115,321,869	–	84,702,780	–	68,063,392	–
	\$115,321,869	\$12,059	\$84,702,780	\$695	\$68,063,392	\$192,148

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

Scotia Global Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canada	1.9	–	2.2
Finland	1.9	–	–
Hong Kong	7.5	–	–
France	–	6.2	–
Germany	–	–	2.7
Israel	3.1	4.2	5.5
Italy	–	2.1	4.1
Japan	9.2	16.3	–
Netherlands	–	2.0	2.9
Norway	2.0	–	–
South Africa	1.6	–	–
South Korea	2.6	–	–
Sweden	2.1	–	–
Switzerland	9.7	7.2	13.2
United Kingdom	2.6	2.9	8.2
United States	52.2	57.5	54.5
Currency Forward Contracts	–	–	(0.2)

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$62,379,997	\$48,802,021	\$ –	\$111,182,018

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$50,373,710	\$32,993,115	\$ –	\$ 83,366,825

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$38,567,798	\$24,974,598	\$ –	\$ 63,542,396
Options (Written Put)	(460)	–	–	(460)
Currency Forward Contracts–Assets	–	23,163	–	23,163
	38,567,338	24,997,761	–	63,565,099
Options (Put)	1,968	–	–	1,968
Currency Forward Contracts–Liabilities	–	(189,532)	–	(189,532)
	1,968	(189,532)	–	(187,564)
	\$38,569,306	\$24,808,229	\$ –	\$ 63,377,535

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Scotia Global Opportunities Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

As at December 31, 2014 and December 31, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Financial assets – by type	January 1, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ 23,163	\$(22,053)	\$ –	\$ 1,110
Swap contracts	–	–	–	–
Total	\$ 23,163	\$(22,053)	\$ –	\$ 1,110

Financial liabilities – by type	January 1, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$189,532	\$(22,053)	\$ –	\$167,479
Swap contracts	–	–	–	–
Total	\$189,532	\$(22,053)	\$ –	\$167,479

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.50	10.50	10.45	10.45
Advisor Series	10.20	10.20	10.15	10.15
Series I	11.24	11.24	10.96	10.96

Scotia Canadian Bond Index Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$336,287,297	\$421,689,406	\$648,686,639
Cash	20,738	24,795	60,035
Accrued investment income	1,939,016	2,552,359	3,740,390
Receivable for securities sold	210,966	775,998	—
Subscriptions receivable	382,385	191,463	873,333
	<u>338,840,402</u>	<u>425,234,021</u>	<u>653,360,397</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	125,885	—	1,617,836
Distributions payable	54	70	—
Redemptions payable	216,842	338,029	181,040
	<u>342,781</u>	<u>338,099</u>	<u>1,798,876</u>
Net Assets attributable to holders of redeemable units	<u>\$338,497,621</u>	<u>\$424,895,922</u>	<u>\$651,561,521</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$338,493,175	\$424,866,929	\$616,213,347
Series F Units	\$ 4,446	\$ 28,993	\$ 105,428
Series I Units	\$ —	\$ —	\$ 35,242,746
UNITS OUTSTANDING			
Series A Units	29,004,421	38,218,227	52,793,568
Series F Units	379	2,598	9,005
Series I Units	—	—	3,028,298
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 11.67	\$ 11.12	\$ 11.67
Series F Units	\$ 11.72	\$ 11.16	\$ 11.71
Series I Units	\$ —	\$ —	\$ 11.64

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$13,065,880	\$ 20,423,235
Net realized gain (loss) on non-derivative financial assets	1,243,720	(2,181,401)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	17,217,057	(26,374,441)
Net gain (loss) on investments	31,526,657	(8,132,607)
Securities lending	58,545	79,040
Other income	6,591	9,210
Total income (loss)	<u>31,591,793</u>	<u>(8,044,357)</u>
EXPENSES		
Management fees (note 5)	2,544,047	3,763,063
Administration fees (note 6)	73,966	—
Harmonized Sales Tax/Goods and Services Tax	325,352	476,403
Audit fees	7,940	16,972
Independent Review Committee fees	773	1,169
Custodian fees	8,135	13,756
Filing fees	16,471	38,811
Legal fees	1,238	3,245
Unitholder reporting costs	23,461	35,942
Unitholder administration and service fees	126,345	236,214
Overdraft charges	71	164
Total expenses	3,127,799	4,585,739
Absorbed expenses	(2,054)	(2,897)
Net expenses	<u>3,125,745</u>	<u>4,582,842</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$28,466,048</u>	<u>\$(12,627,199)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$28,464,963	\$(11,678,737)
Series F Units	\$ 1,085	\$ (688)
Series I Units	\$ —	\$ (947,774)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.90	\$ (0.25)
Series F Units	\$ 1.44	\$ (0.21)
Series I Units	\$ —	\$ (0.33)
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	31,788,403	47,134,255
Series F Units	753	3,230
Series I Units	—	2,910,554

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

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

Scotia Canadian Bond Index Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 424,866,929	\$ 616,213,347
Series F Units	28,993	105,428
Series I Units	–	35,242,746
	<u>424,895,922</u>	<u>651,561,521</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	28,464,963	(11,678,737)
Series F Units	1,085	(688)
Series I Units	–	(947,774)
	<u>28,466,048</u>	<u>(12,627,199)</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(10,146,896)	(15,342,822)
Series F Units	(306)	(1,024)
Series I Units	–	(856,085)
	<u>(10,147,202)</u>	<u>(16,199,931)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	26,740,144	64,172,452
Series F Units	–	24,679
Series I Units	–	180,008
Reinvested distributions		
Series A Units	9,857,974	14,838,347
Series F Units	306	521
Series I Units	–	856,085
Payments on redemption		
Series A Units	(141,289,939)	(243,335,658)
Series F Units	(25,632)	(99,923)
Series I Units	–	(34,474,980)
	<u>(104,717,147)</u>	<u>(197,838,469)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(86,373,754)	(191,346,418)
Series F Units	(24,547)	(76,435)
Series I Units	–	(35,242,746)
	<u>(86,398,301)</u>	<u>(226,665,599)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	338,493,175	424,866,929
Series F Units	4,446	28,993
	<u>\$ 338,497,621</u>	<u>\$ 424,895,922</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 28,466,048	\$ (12,627,199)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(1,243,720)	2,181,401
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(17,217,057)	26,374,441
Purchases of non-derivative financial assets	(167,017,690)	(219,525,687)
Proceeds from sale of non-derivative financial assets	271,574,027	415,573,245
Transaction costs	(2,534)	–
Accrued investment income	613,343	1,188,031
Net cash provided by (used in) operating activities	<u>115,172,417</u>	<u>213,164,232</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	26,549,222	65,059,008
Amounts paid on redemption of redeemable units	(141,436,758)	(277,753,572)
Distributions to unitholders of redeemable units	(288,938)	(504,908)
Net cash provided by (used in) financing activities	<u>(115,176,474)</u>	<u>(213,199,472)</u>
Net increase (decrease) in cash	(4,057)	(35,240)
Cash (Bank Indebtedness) at beginning of period	24,795	60,035
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 20,738</u>	<u>\$ 24,795</u>
Interest received(1)	13,679,223	21,611,266

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBTURE INSTRUMENTS – 99.3%			
Federal Bonds – 34.8%			
	Business Development Bank of Canada		
87,000	4.75% due Jul. 26, 2021	105,024	102,237
53,000	4.35% due Feb. 28, 2022	55,707	61,150
	Canada Housing Trust No. 1		
3,200,000	2.75% due Jun. 15, 2016	3,254,974	3,275,439
2,670,000	1.85% due Dec. 15, 2016	2,702,477	2,706,279
2,895,000	2.05% due Jun. 15, 2017	2,917,720	2,951,482
2,058,000	1.70% due Dec. 15, 2017	2,055,965	2,080,318
1,422,000	1.75% due Jun. 15, 2018	1,421,374	1,437,894
1,750,000	2.05% due Jun. 15, 2018	1,747,865	1,787,120
2,797,000	2.35% due Dec. 15, 2018	2,810,750	2,889,113
1,250,000	4.10% due Dec. 15, 2018	1,326,583	1,374,722
1,638,000	1.95% due Jun. 15, 2019	1,636,559	1,664,648
1,045,000	2.00% due Dec. 15, 2019	1,061,135	1,061,775
1,482,000	2.00% due Dec. 15, 2019	1,481,289	1,505,626
1,112,000	3.75% due Mar. 15, 2020	1,104,921	1,224,352
1,130,000	3.35% due Dec. 15, 2020	1,125,069	1,227,405
1,835,000	3.80% due Jun. 15, 2021	1,963,129	2,046,714
1,741,000	2.65% due Mar. 15, 2022	1,757,993	1,817,981
1,522,000	2.40% due Dec. 15, 2022	1,504,741	1,556,966
970,000	2.35% due Sep. 15, 2023	965,693	983,866
543,000	3.15% due Sep. 15, 2023	546,964	585,356
1,522,000	2.90% due Jun. 15, 2024	1,538,288	1,606,046
477,000	2.55% due Mar. 15, 2025	476,065	486,527
	Canada Mortgage and Housing Corporation		
35,000	4.25% due Feb. 1, 2016	34,106	36,173
	Canada Post Corporation		
125,000	4.08% due Jul. 16, 2025	132,500	145,116
	Export Development Canada		
50,000	4.30% due Jun. 1, 2016	49,842	52,231
	Farm Credit Canada		
231,000	4.55% due Apr. 12, 2021	266,130	267,185
	Farm Credit Corporation		
303,000	4.60% due Jun. 1, 2021	361,094	351,323
	Government of Canada		
1,697,000	3.00% due Dec. 1, 2015	1,788,468	1,727,489
401,000	2.00% due Jun. 1, 2016	407,715	406,643
3,378,000	4.00% due Jun. 1, 2016	3,717,188	3,520,060
1,000,000	1.00% due Aug. 1, 2016	997,680	1,000,131
7,344,000	2.75% due Sep. 1, 2016	7,708,561	7,556,382
1,000,000	1.00% due Nov. 1, 2016	1,001,520	1,000,737
800,000	1.50% due Feb. 1, 2017	808,784	808,038
59,000	1.50% due Mar. 1, 2017	59,474	59,642
7,926,000	4.00% due Jun. 1, 2017	8,871,963	8,492,286
3,256,000	1.50% due Sep. 1, 2017	3,275,701	3,292,720
1,021,000	1.25% due Mar. 1, 2018	1,017,516	1,024,669
1,907,000	4.25% due Jun. 1, 2018	2,134,343	2,104,951
1,713,000	1.25% due Sep. 1, 2018	1,680,878	1,717,447
2,039,000	1.75% due Mar. 1, 2019	2,058,916	2,080,927
3,321,000	3.75% due Jun. 1, 2019	3,767,528	3,677,078
2,113,000	1.75% due Sep. 1, 2019	2,153,854	2,152,355
500,000	1.50% due Mar. 1, 2020	498,575	502,279
2,773,000	3.50% due Jun. 1, 2020	3,123,233	3,078,381
1,000	10.50% due Mar. 15, 2021	1,680	1,537
2,956,000	3.25% due Jun. 1, 2021	3,316,208	3,277,674
203,000	9.75% due Jun. 1, 2021	305,701	306,260
3,453,000	2.75% due Jun. 1, 2022	3,631,719	3,728,847
111,000	9.25% due Jun. 1, 2022	185,696	170,836
2,552,000	1.50% due Jun. 1, 2023	2,342,987	2,513,761
515,000	8.00% due Jun. 1, 2023	719,439	771,153
2,598,000	2.50% due Jun. 1, 2024	2,717,090	2,757,981
989,000	2.25% due Jun. 1, 2025	983,108	1,021,371
577,000	9.00% due Jun. 1, 2025	842,705	966,796
965,800	8.00% due Jun. 1, 2027	1,386,879	1,604,884
2,225,000	5.75% due Jun. 1, 2029	3,185,704	3,234,704

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBT INSTRUMENTS (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Federal Bonds (cont'd)				Provincial Bonds (cont'd)			
	Government of Canada (cont'd)				Province of Alberta (cont'd)		
2,494,000	5.75% due Jun. 1, 2033	3,612,499	3,815,196	163,000	3.10% due Jun. 1, 2024	162,751	171,759
2,901,000	5.00% due Jun. 1, 2037	4,133,585	4,262,871	431,000	2.90% due Sep. 20, 2029	408,261	432,434
3,915,000	4.00% due Jun. 1, 2041	4,769,212	5,194,917	308,000	3.50% due Jun. 1, 2031	309,300	329,083
2,280,000	3.50% due Dec. 1, 2045	2,719,956	2,862,398	223,000	3.90% due Dec. 1, 2033	222,204	249,829
524,000	2.75% due Dec. 1, 2048	532,384	573,632	150,000	4.50% due Dec. 1, 2040	148,673	185,412
1,045,000	2.75% due Dec. 1, 2064	1,055,641	1,176,323	505,000	3.45% due Dec. 1, 2043	487,716	532,708
		115,918,047	117,728,400		Province of British Columbia		
Provincial Bonds – 30.8%				90,000	4.70% due Dec. 1, 2017	89,674	98,591
	Alberta Capital Finance Authority			100,000	5.60% due Jun. 1, 2018	108,177	113,837
51,000	4.35% due Jun. 15, 2016	50,648	53,336	580,000	4.65% due Dec. 18, 2018	605,559	650,169
73,000	4.65% due Jun. 15, 2017	72,768	78,860	392,000	2.25% due Mar. 1, 2019	392,326	403,012
15,000	4.45% due Dec. 15, 2025	14,953	17,522	30,000	5.30% due Jun. 17, 2019	30,065	34,734
	Financement-Quebec			377,000	4.10% due Dec. 18, 2019	386,784	419,867
933,000	3.50% due Dec. 1, 2016	984,921	973,018	546,000	3.70% due Dec. 18, 2020	544,140	601,439
509,000	3.50% due Dec. 1, 2017	530,303	538,832	100,000	9.95% due May 15, 2021	152,708	147,127
374,000	2.40% due Dec. 1, 2018	371,725	385,162	185,000	4.80% due Jun. 15, 2021	207,134	215,820
369,000	2.45% due Dec. 1, 2019	368,667	379,738	479,000	3.25% due Dec. 18, 2021	482,324	515,192
455,000	5.25% due Jun. 1, 2034	474,201	579,480	68,000	9.50% due Jun. 9, 2022	107,740	101,534
	Hydro-Quebec			360,000	2.70% due Dec. 18, 2022	360,537	372,353
350,000	11.00% due Aug. 15, 2020	557,550	518,016	236,000	3.30% due Dec. 18, 2023	233,518	253,556
259,000	10.50% due Oct. 15, 2021	410,689	393,499	114,000	2.85% due Jun. 18, 2025	113,967	116,956
153,000	9.63% due Jul. 15, 2022	227,024	229,208	190,000	6.15% due Nov. 19, 2027	179,196	259,416
40,000	6.00% due Aug. 15, 2031	37,938	54,521	51,000	4.95% due Dec. 1, 2027	55,970	61,756
478,000	6.50% due Feb. 15, 2035	639,811	702,270	685,000	5.70% due Jun. 18, 2029	856,091	913,974
361,000	6.00% due Feb. 15, 2040	420,675	523,432	370,000	6.35% due Jun. 18, 2031	476,145	532,618
450,000	5.00% due Feb. 15, 2045	481,261	591,496	84,000	5.40% due Jun. 18, 2035	108,120	113,146
550,000	5.00% due Feb. 15, 2050	656,588	738,477	323,000	4.70% due Jun. 18, 2037	377,818	404,246
106,000	4.00% due Feb. 15, 2055	114,523	121,578	491,000	4.95% due Jun. 18, 2040	539,825	644,622
	Municipal Finance Authority of British Columbia			735,000	4.30% due Jun. 18, 2042	810,310	889,720
38,000	2.95% due Oct. 14, 2024	37,866	38,884	859,000	3.20% due Jun. 18, 2044	782,193	867,620
	Newfoundland & Labrador Hydro				Province of Manitoba		
54,000	3.60% due Dec. 1, 2045	53,587	56,866	40,000	5.20% due Dec. 3, 2015	42,873	41,489
	Newfoundland and Labrador Hydro			132,000	4.30% due Mar. 1, 2016	138,688	136,845
40,000	4.33% due Oct. 13, 2016	39,910	42,157	3,000	2.05% due Dec. 1, 2016	3,007	3,049
60,000	10.25% due Jul. 14, 2017	83,494	73,121	152,000	1.85% due Jun. 1, 2017	151,743	154,128
175,000	6.65% due Aug. 27, 2031	174,729	254,810	150,000	4.70% due Sep. 22, 2017	161,832	163,495
	Ontario Electricity Financial Corporation			45,000	4.25% due Mar. 5, 2018	44,811	48,949
100,000	10.00% due Feb. 6, 2020	137,618	139,037	145,000	1.85% due Sep. 5, 2018	144,797	146,971
11,000	10.75% due Aug. 6, 2021	18,216	16,738	240,000	4.75% due Feb. 11, 2020	267,584	274,421
113,000	10.13% due Oct. 15, 2021	181,665	169,192	129,000	4.15% due Jun. 3, 2020	130,967	144,225
236,000	8.90% due Aug. 18, 2022	326,413	343,042	169,000	3.85% due Dec. 1, 2021	183,189	187,310
155,000	8.50% due May 26, 2025	194,424	234,946	251,000	2.55% due Jun. 2, 2023	240,202	253,702
505,000	8.25% due Jun. 22, 2026	736,799	770,827	148,000	3.30% due Jun. 2, 2024	149,845	157,195
	Ontario School Boards Financing Corporation			155,000	4.40% due Sep. 5, 2025	154,430	179,233
25,000	5.70% due Oct. 11, 2017	24,935	27,759	150,000	7.75% due Dec. 22, 2025	175,083	220,610
24,225	5.90% due Oct. 11, 2027	24,096	28,831	16,000	3.25% due Sep. 5, 2029	15,253	16,550
37,483	5.48% due Nov. 26, 2029	37,484	43,889	71,000	10.50% due Mar. 5, 2031	139,014	138,145
15,308	4.79% due Aug. 8, 2030	15,308	16,560	75,000	5.70% due Mar. 5, 2037	84,647	104,197
20,472	5.07% due Apr. 18, 2031	20,472	23,256	418,000	4.60% due Mar. 5, 2038	439,784	511,004
32,112	5.38% due Jun. 25, 2032	32,112	37,472	280,000	4.65% due Mar. 5, 2040	291,451	347,015
	OPB Finance Trust			77,000	4.10% due Mar. 5, 2041	80,867	88,447
101,000	3.89% due Jul. 4, 2042	100,929	105,388	130,000	4.40% due Mar. 5, 2042	129,659	156,777
	Omge Issuer Trust			130,000	3.35% due Mar. 5, 2043	121,679	132,274
130,446	5.73% due Jun. 11, 2034	139,294	150,454	399,000	4.05% due Sep. 5, 2045	417,809	460,929
	Province of Alberta			100,000	4.70% due Mar. 5, 2050	101,146	130,367
164,000	1.85% due Sep. 1, 2016	163,780	165,990	18,000	3.15% due Sep. 5, 2052	15,503	17,628
303,000	1.75% due Jun. 15, 2017	303,171	306,520		Province of New Brunswick		
399,000	1.70% due Dec. 15, 2017	396,567	402,920	92,000	4.30% due Dec. 3, 2015	91,810	94,686
285,000	1.60% due Jun. 15, 2018	279,408	286,465	168,000	4.70% due Jul. 21, 2016	175,993	177,089
128,000	2.00% due Jun. 1, 2019	127,945	130,215	175,000	6.00% due Dec. 27, 2017	197,531	198,249
300,000	4.00% due Dec. 1, 2019	324,421	332,329	400,000	4.45% due Mar. 26, 2018	427,288	437,586
464,000	2.55% due Dec. 15, 2022	459,852	474,748	255,000	4.40% due Jun. 3, 2019	264,571	284,244
195,000	3.40% due Dec. 1, 2023	194,358	211,231	469,000	4.50% due Jun. 2, 2020	469,172	530,957
				263,000	2.85% due Jun. 2, 2023	261,735	270,005

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBTURE INSTRUMENTS (cont'd)				BOND AND DEBTURE INSTRUMENTS (cont'd)			
Provincial Bonds (cont'd)				Provincial Bonds (cont'd)			
Province of New Brunswick (cont'd)				Province of Prince Edward Island (cont'd)			
226,000	3.65% due Jun. 3, 2024	228,408	244,541	20,000	5.70% due Jun. 15, 2035	19,982	26,856
33,498	6.47% due Nov. 30, 2027	42,143	41,311	36,000	5.30% due May 19, 2036	39,761	46,366
50,000	5.65% due Dec. 27, 2028	45,795	64,703	20,000	4.65% due Nov. 19, 2037	22,018	23,895
140,000	5.50% due Jan. 27, 2034	171,137	183,755	80,000	4.60% due May 19, 2041	83,564	95,520
189,000	4.65% due Sep. 26, 2035	200,500	226,144	101,000	3.65% due Jun. 27, 2042	100,725	104,276
267,000	4.55% due Mar. 26, 2037	295,807	316,380	25,000	3.60% due Jan. 17, 2053	23,077	26,099
185,000	4.80% due Sep. 26, 2039	194,616	228,665	27,000	3.85% due Jul. 17, 2054	26,858	29,535
240,000	4.80% due Jun. 3, 2041	245,013	298,980	Province of Quebec			
269,000	3.55% due Jun. 3, 2043	247,108	276,871	1,450,000	4.50% due Dec. 1, 2017	1,591,717	1,576,761
140,000	3.80% due Aug. 14, 2045	142,756	151,069	1,199,000	4.50% due Dec. 1, 2018	1,295,729	1,330,321
80,000	3.55% due Jun. 3, 2055	81,398	83,172	1,169,000	4.50% due Dec. 1, 2019	1,257,608	1,315,997
Province of Newfoundland and Labrador				1,550,000	4.50% due Dec. 1, 2020	1,697,249	1,764,202
65,000	10.95% due Apr. 15, 2021	96,801	98,622	1,885,000	4.25% due Dec. 1, 2021	2,078,584	2,130,339
35,000	6.15% due Apr. 17, 2028	33,447	47,214	1,483,000	3.50% due Dec. 1, 2022	1,539,501	1,599,722
150,000	6.55% due Oct. 17, 2030	184,123	214,592	300,000	9.38% due Jan. 16, 2023	427,350	451,832
51,000	5.70% due Oct. 17, 2035	69,651	69,515	1,461,000	3.00% due Sep. 1, 2023	1,448,799	1,514,866
95,000	4.50% due Apr. 17, 2037	98,987	112,777	1,702,000	3.75% due Sep. 1, 2024	1,780,103	1,857,289
177,000	4.65% due Oct. 17, 2040	205,538	217,209	180,000	5.35% due Jun. 1, 2025	214,686	220,953
Province of Nova Scotia				300,000	8.50% due Apr. 1, 2026	412,725	461,432
60,000	4.60% due Aug. 18, 2016	59,648	63,290	600,000	6.00% due Oct. 1, 2029	748,009	808,110
120,000	4.15% due Nov. 25, 2019	119,035	133,184	1,077,000	6.25% due Jun. 1, 2032	1,315,609	1,514,712
81,000	4.10% due Jun. 1, 2021	85,110	90,596	887,000	5.75% due Dec. 1, 2036	1,099,291	1,223,208
217,000	4.45% due Oct. 24, 2021	233,836	247,166	992,000	5.00% due Dec. 1, 2038	1,104,309	1,262,625
130,000	9.60% due Jan. 30, 2022	179,967	192,079	1,770,000	5.00% due Dec. 1, 2041	2,039,419	2,286,982
180,000	6.60% due Jun. 1, 2027	218,828	249,837	1,592,000	4.25% due Dec. 1, 2043	1,721,735	1,857,132
100,000	5.80% due Jun. 1, 2033	113,981	135,863	1,658,000	3.50% due Dec. 1, 2045	1,580,591	1,709,261
55,000	4.90% due Jun. 1, 2035	55,465	68,272	Province of Saskatchewan			
185,000	4.50% due Jun. 1, 2037	201,936	219,894	30,000	4.25% due Dec. 3, 2015	29,797	30,863
117,000	4.70% due Jun. 1, 2041	128,542	145,063	60,000	4.50% due Aug. 23, 2016	59,590	63,265
297,000	4.40% due Jun. 1, 2042	323,620	353,836	167,000	1.95% due Mar. 1, 2019	167,370	169,751
50,000	3.45% due Jun. 1, 2045	49,553	51,202	286,000	9.60% due Feb. 1, 2022	452,197	425,705
305,000	3.50% due Jun. 2, 2062	303,258	319,398	81,000	5.75% due Mar. 5, 2029	105,684	108,211
Province of Ontario				103,000	6.40% due Sep. 5, 2031	130,355	149,177
504,000	4.40% due Mar. 8, 2016	538,501	523,268	373,000	5.60% due Sep. 5, 2035	418,407	513,855
295,000	3.20% due Sep. 8, 2016	304,576	304,897	210,000	4.75% due Jun. 1, 2040	219,826	267,965
1,534,000	4.30% due Mar. 8, 2017	1,595,770	1,633,339	155,000	3.40% due Feb. 3, 2042	156,100	161,489
1,824,000	1.90% due Sep. 8, 2017	1,822,958	1,849,564	365,000	3.90% due Jun. 2, 2045	365,168	417,174
898,000	4.20% due Mar. 8, 2018	972,506	974,109				
1,915,000	2.10% due Sep. 8, 2018	1,911,330	1,953,558	Municipal Bonds – 2.4%			
85,000	1.75% due Oct. 9, 2018	84,850	85,697	55 Ontario School Board Trust			
1,335,000	4.40% due Jun. 2, 2019	1,427,997	1,488,405	135,000	5.90% due Jun. 2, 2033	134,906	179,423
659,000	2.10% due Sep. 8, 2019	659,918	669,271	City of Edmonton			
2,401,000	4.20% due Jun. 2, 2020	2,490,171	2,682,506	58,000	8.50% due Sep. 14, 2018	78,153	71,726
2,300,000	4.00% due Jun. 2, 2021	2,409,017	2,558,983	City of Montreal			
2,631,000	3.15% due Jun. 2, 2022	2,676,857	2,783,076	185,000	4.50% due Dec. 1, 2021	195,539	209,022
269,000	9.50% due Jul. 13, 2022	401,378	402,332	35,000	3.50% due Sep. 1, 2024	34,927	36,730
2,876,000	2.85% due Jun. 2, 2023	2,829,976	2,961,015	20,000	4.25% due Dec. 1, 2032	20,232	22,119
534,000	8.10% due Sep. 8, 2023	722,321	768,362	88,000	4.10% due Dec. 1, 2034	87,553	95,149
51,000	7.50% due Feb. 7, 2024	73,933	71,404	122,000	6.00% due Jun. 1, 2043	148,820	173,377
2,821,000	3.50% due Jun. 2, 2024	2,913,794	3,031,557	City of Ottawa			
599,000	7.60% due Jun. 2, 2027	834,443	896,214	31,000	5.05% due Aug. 13, 2030	35,946	36,903
110,000	6.25% due Aug. 25, 2028	110,879	149,349	41,000	4.40% due Oct. 22, 2033	40,941	46,883
1,450,000	6.50% due Mar. 8, 2029	1,864,188	2,039,165	140,000	4.60% due Jul. 14, 2042	149,528	166,020
90,000	6.20% due Jun. 2, 2031	89,415	126,031	76,000	4.20% due Jul. 30, 2053	75,810	86,702
939,000	5.85% due Mar. 8, 2033	1,120,465	1,287,147	City of Toronto			
1,322,000	5.60% due Jun. 2, 2035	1,630,656	1,790,870	227,000	4.85% due Jul. 28, 2016	245,553	239,566
1,470,000	4.70% due Jun. 2, 2037	1,596,622	1,807,147	118,000	5.05% due Jul. 18, 2017	131,744	128,625
1,410,000	4.60% due Jun. 2, 2039	1,475,678	1,723,230	100,000	4.50% due Dec. 2, 2019	99,691	112,019
1,892,000	4.65% due Jun. 2, 2041	2,161,196	2,349,362	67,000	6.80% due Jul. 26, 2021	87,322	85,304
2,452,000	3.50% due Jun. 2, 2043	2,462,872	2,553,091	136,000	3.50% due Dec. 6, 2021	137,557	146,019
3,482,000	3.45% due Jun. 2, 2045	3,277,473	3,604,329	126,000	3.90% due Sep. 29, 2023	125,638	138,189
Province of Prince Edward Island				13,705	5.34% due Jul. 18, 2027	13,705	15,864
31,000	3.70% due Sep. 2, 2020	30,836	33,719	107,000	5.20% due Jun. 1, 2040	122,937	137,616
50,000	6.80% due Feb. 21, 2030	49,690	71,660				

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Municipal Bonds (cont'd)				Corporate Bonds – 31.2%			
	City of Toronto (cont'd)				407 East Development Group		
151,000	4.70% due Jun. 10, 2041	153,992	182,476	61,000	4.47% due Jun. 23, 2045	61,000	64,077
62,000	3.80% due Dec. 13, 2042	61,790	65,418		407 International Inc.		
	City of Vancouver			110,000	3.87% due Nov. 24, 2017	109,967	116,047
25,000	4.70% due Dec. 1, 2017	24,852	27,250	140,000	4.99% due Jun. 16, 2020	155,818	160,323
54,000	3.45% due Dec. 2, 2021	53,923	57,847	121,000	4.30% due May 26, 2021	124,634	135,403
46,000	3.75% due Oct. 24, 2023	45,947	50,177	125,000	6.47% due Jul. 27, 2029	159,194	167,370
24,000	3.05% due Oct. 16, 2024	23,973	24,668	180,000	5.96% due Dec. 3, 2035	192,182	239,202
40,000	3.70% due Oct. 18, 2052	39,727	41,797	79,000	5.75% due Feb. 14, 2036	78,899	98,258
	City of Winnipeg				407 International Inc. (callable)		
40,000	6.25% due Nov. 17, 2017	47,860	45,141	134,000	4.45% due Nov. 15, 2041-(Aug. 15, 2041)	139,635	148,813
30,000	5.90% due Feb. 2, 2029	37,712	38,815		407 International Inc.		
81,000	5.20% due Jul. 17, 2036	95,352	101,650	80,000	3.98% due Sep. 11, 2052	79,611	81,724
	Durham District School Board				407 International Inc. (callable)		
44,000	6.75% due Nov. 19, 2019	51,401	53,149	53,000	4.19% due Apr. 25, 2042-(Jan. 25, 2042)	52,928	56,456
	Hydro Ottawa Holding Inc. (callable)			33,000	4.68% due Oct. 7, 2053-(Apr. 7, 2053)	32,994	38,198
65,000	3.99% due May 14, 2043-(Nov. 14, 2042)	65,000	66,613		Aéroports de Montreal		
	Labrador-Island Link Funding Trust			113,367	6.95% due Apr. 16, 2032	128,718	147,751
78,000	3.76% due Jun. 1, 2033	79,441	89,526	125,000	5.17% due Sep. 17, 2035	135,594	150,475
86,000	3.86% due Dec. 1, 2045	87,932	103,633	200,000	5.67% due Oct. 16, 2037	233,759	258,435
418,000	3.85% due Dec. 1, 2053	424,968	512,361	130,000	3.92% due Sep. 26, 2042	130,000	133,585
	Municipal Finance Authority of British Columbia				AGT Limited		
25,000	4.15% due Oct. 13, 2015	24,968	25,602	99,000	8.80% due Sep. 22, 2025	143,272	143,175
162,000	4.65% due Apr. 19, 2016	164,721	169,316		Aimia Inc.		
410,000	4.80% due Dec. 1, 2017	433,725	449,145	140,000	4.35% due Jan. 22, 2018	139,693	146,543
213,000	4.60% due Apr. 23, 2018	239,606	234,214		Aimia Inc.		
99,000	4.88% due Jun. 3, 2019	112,977	112,340	103,000	5.60% due May 17, 2019	102,924	113,687
173,000	4.45% due Jun. 1, 2020	179,378	195,259		Algonquin Power & Utilities Corporation		
155,000	4.15% due Jun. 1, 2021	162,635	173,627	50,000	4.82% due Feb. 15, 2021	49,970	53,611
60,000	3.35% due Jun. 1, 2022	59,930	64,165	70,000	4.65% due Feb. 15, 2022	69,905	74,353
170,000	3.75% due Sep. 26, 2023	172,280	186,099		Alimentation Couche-Tard		
	Muskat Falls / Labrador Transmission Assets Funding			275,000	2.86% due Nov. 1, 2017	275,000	279,314
43,000	3.63% due Jun. 1, 2029	43,731	48,402	165,000	3.32% due Nov. 1, 2019	165,000	169,157
86,000	3.83% due Jun. 1, 2037	87,758	100,270		Alliance Pipeline LP		
339,000	3.86% due Dec. 1, 2048	346,302	411,404	666	7.23% due Jun. 30, 2015	686	683
	Peel Region Municipal of Ontario			33,996	7.18% due Jun. 30, 2023	35,693	40,323
125,000	3.50% due Dec. 1, 2021	128,015	133,953	20,376	5.55% due Dec. 31, 2023	20,381	22,439
131,000	4.25% due Dec. 2, 2033	130,479	146,533	67,437	6.77% due Dec. 31, 2025	67,437	79,697
159,000	3.85% due Oct. 30, 2042	158,103	169,237	49,651	7.22% due Dec. 31, 2025	52,506	59,904
	Regional Municipality of Halton Canada				AltaGas Income Trust		
38,000	4.05% due Oct. 11, 2041	37,817	41,618	81,000	5.49% due Mar. 27, 2017	88,319	87,145
	Regional Municipality of York			100,000	4.60% due Jan. 15, 2018	99,931	106,945
30,000	4.50% due Sep. 28, 2016	29,921	31,628	121,000	4.55% due Jan. 17, 2019	123,728	130,843
144,000	5.00% due Apr. 29, 2019	163,678	163,034		AltaGas Ltd.		
99,000	4.50% due Jun. 30, 2020	102,609	111,437	28,000	4.07% due Jun. 1, 2020	28,510	29,886
175,000	4.00% due Jun. 30, 2021	178,550	193,068	130,000	3.72% due Sep. 28, 2021	129,961	135,855
142,000	4.00% due May 31, 2032	143,639	154,868		AltaGas Ltd. (callable)		
83,000	3.65% due May 13, 2033	73,645	86,448	106,000	3.57% due Jun. 12, 2023-(Mar. 12, 2023)	105,921	108,087
116,000	4.05% due May 1, 2034	119,735	126,908		AltaGas Ltd. (callable)		
	Toronto Hospital			12,000	4.40% due Mar. 15, 2024-(Dec. 15, 2023)	11,993	12,849
22,712	5.64% due Dec. 8, 2022	22,212	25,875		AltaGas Ltd. (callable)		
	Ville de Montreal			85,000	3.84% due Jan. 15, 2025-(Oct. 15, 2024)	84,975	86,172
25,000	4.60% due Jun. 1, 2017	24,950	26,767		AltaGas Ltd. (callable)		
108,000	5.00% due Dec. 1, 2017	108,530	118,386	6,000	5.16% due Jan. 13, 2044-(Jul. 13, 2043)	5,993	6,465
50,000	5.00% due Dec. 1, 2018	49,574	56,024		AltaLink Investments LP (callable)		
293,000	5.45% due Dec. 1, 2019	336,995	339,476	107,000	3.27% due Jun. 5, 2020-(Mar. 5, 2020)	106,995	110,839
140,000	3.50% due Sep. 1, 2023	139,161	147,863		AltaLink LP		
	Windsor Canada Utilities Ltd.			25,000	5.24% due May 29, 2018	25,644	27,761
50,000	4.13% due Nov. 6, 2042	50,000	51,885	68,000	3.62% due Sep. 17, 2020	68,000	72,878
	Winnipeg Airports Authority Inc.			145,000	2.98% due Nov. 28, 2022	145,000	148,978
200,000	4.57% due Nov. 20, 2019	222,180	221,318	152,000	3.67% due Nov. 6, 2023	152,000	162,863
	York Region District School Board			89,000	3.40% due Mar. 6, 2024	89,000	92,998
46,337	6.45% due Jun. 4, 2024	57,229	55,569	50,000	5.25% due Sep. 22, 2036	59,640	61,190
		7,565,405	8,159,515	62,000	5.38% due Mar. 26, 2040	62,000	77,937
				65,000	4.87% due Nov. 15, 2040	65,000	76,747

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBT INSTRUMENTS (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
	AltaLink LP (cont'd)				Bell Canada (cont'd)		
95,000	4.46% due Nov. 8, 2041	95,000	105,798	85,000	7.30% due Feb. 23, 2032	114,410	112,948
90,000	4.92% due Sep. 17, 2043	90,000	107,581	37,000	6.10% due Mar. 16, 2035	34,302	45,004
	AltaLink LP (callable)			113,000	6.17% due Feb. 26, 2037	112,895	138,556
42,000	4.05% due Nov. 21, 2044 (May 21, 2044)	42,000	43,911		BMO Subordinated Notes Trust		
	AltaLink LP (callable)			250,000	5.75% due Sep. 26, 2022	249,963	274,178
23,000	4.27% due Jun. 6, 2064 (Dec. 6, 2063)	23,000	24,950		BMW Canada Auto Trust		
	American Express Canada			41,000	2.88% due Aug. 9, 2016	40,998	41,775
145,000	2.31% due Mar. 29, 2018	144,959	146,603		BMW Canada Inc.		
	American Express Company			125,000	2.11% due May 26, 2016	124,963	125,813
245,000	3.60% due Jun. 3, 2016	247,394	251,633	125,000	2.39% due Nov. 27, 2017	124,994	126,827
	Aon Corporation			80,000	2.33% due May 23, 2018	79,985	81,053
207,000	4.76% due Mar. 8, 2018	206,903	220,329	49,000	2.27% due Nov. 26, 2018	48,987	49,393
	Arrow Lakes Power Corporation				Borealis Infrastructure Trust		
100,000	5.52% due Apr. 5, 2041	100,000	118,120	24,543	6.35% due Dec. 1, 2020	27,445	27,374
	Artis Real Estate Investment Trust				British Columbia Ferry Services Inc.		
33,000	3.75% due Mar. 27, 2019	33,410	33,646	40,000	6.25% due Oct. 13, 2034	39,952	53,597
	Asian Development Bank			100,000	5.02% due Mar. 20, 2037	114,274	117,507
55,000	4.75% due Jun. 15, 2017	54,909	59,405	35,000	5.58% due Jan. 11, 2038	35,000	44,304
101,000	4.65% due Feb. 16, 2027	101,062	119,722		British Columbia Ferry Services Inc. (callable)		
	Bank of Montreal			118,000	4.29% due Apr. 28, 2044 (Oct. 28, 2043)	118,000	127,771
379,000	3.10% due Mar. 10, 2016	385,015	385,811		Brookfield Asset Management Inc.		
95,000	5.10% due Apr. 21, 2016	95,000	98,930	127,000	3.95% due Apr. 9, 2019	126,992	133,606
811,000	3.49% due Jun. 10, 2016	828,770	832,402	74,000	5.30% due Mar. 1, 2021	75,832	82,684
638,000	3.98% due Jul. 8, 2016	643,018	657,785	195,000	4.54% due Mar. 31, 2023	196,501	208,229
465,000	2.96% due Aug. 2, 2016	468,013	474,564	195,000	5.04% due Mar. 8, 2024	194,922	213,266
520,000	2.39% due Jul. 12, 2017	520,000	527,922	75,000	4.82% due Jan. 28, 2026	74,966	79,677
168,000	5.45% due Jul. 17, 2017	177,374	183,262	172,000	5.95% due Jun. 14, 2035	162,334	190,356
95,000	4.55% due Aug. 1, 2017	94,991	101,580		Brookfield Power Corporation		
239,000	2.24% due Dec. 11, 2017	238,108	241,579	62,000	5.84% due Nov. 5, 2036	56,687	68,090
	Bank of Montreal (callable)				BRP Finance ULC		
215,000	6.17% due Mar. 28, 2020 (2018)	243,829	241,731	218,000	4.79% due Feb. 7, 2022	217,983	237,066
	Bank of Montreal				Cadillac Fairview Finance Trust		
400,000	6.02% due May 2, 2018	472,820	452,267	430,000	3.24% due Jan. 25, 2016	429,979	438,833
456,000	2.84% due Jun. 4, 2020	455,886	468,775	185,000	3.64% due May 9, 2018	184,978	197,049
249,000	4.61% due Sep. 10, 2025	266,947	286,871	255,000	4.31% due Jan. 25, 2021	254,939	286,208
	Bank of Montreal Capital Trust (callable)				Caisse Centrale Desjardins		
70,000	4.63% due Dec. 31, 2049 (2015)	70,000	71,887	410,000	2.28% due Oct. 17, 2016	410,000	414,433
	Bankers Hall LP			205,000	3.50% due Oct. 5, 2017	205,000	214,106
72,771	4.38% due Nov. 20, 2023	72,771	77,792	267,000	2.44% due Jul. 17, 2019	267,000	270,185
	BC Ferry Services Inc. (callable)				Calloway Real Estate Investment Trust		
24,000	4.70% due Oct. 23, 2043 (Apr. 23, 2043)	24,000	27,710	28,000	3.39% due Dec. 1, 2017	28,001	28,803
	BCE Inc. (callable)			78,000	4.05% due Jul. 27, 2020	78,127	82,134
225,000	3.15% due Sep. 29, 2021 (Aug. 29, 2021)	224,105	228,732	150,000	3.75% due Feb. 11, 2021	150,119	155,064
128,000	4.75% due Sep. 29, 2044 (Mar. 29, 2044)	126,847	131,734	34,000	3.73% due Jul. 22, 2022	34,098	34,644
	bclMC Realty Corporation				Cameco Corporation		
225,000	2.65% due Jun. 29, 2017	224,957	230,351	115,000	5.67% due Sep. 2, 2019	115,488	128,613
70,000	2.79% due Aug. 2, 2018	69,984	72,165	130,000	3.75% due Nov. 14, 2022	129,990	132,084
227,000	2.96% due Mar. 7, 2019	226,914	235,149		Cameco Corporation (callable)		
75,000	3.51% due Jun. 29, 2022	74,981	79,273	138,000	4.19% due Jun. 24, 2024 (Mar. 24, 2024)	137,945	142,283
	Bell Aliant Regional Communications, Limited Partnership				Canada Post Corporation		
385,000	5.41% due Sep. 26, 2016	410,845	408,250	356,000	4.36% due Jul. 16, 2040	414,123	450,425
100,000	4.88% due Apr. 26, 2018	104,160	108,634		Canadian Imperial Bank of Commerce		
	Bell Canada			419,000	1.75% due Jun. 1, 2016	418,677	419,906
275,000	5.00% due Feb. 15, 2017	298,800	292,720	580,000	2.65% due Nov. 8, 2016	581,192	590,297
345,000	4.40% due Mar. 16, 2018	344,710	369,225	395,000	3.95% due Jul. 14, 2017	400,026	416,091
97,000	3.50% due Sep. 10, 2018	96,943	101,468	685,000	2.35% due Oct. 18, 2017	685,808	694,257
315,000	3.35% due Jun. 18, 2019	314,493	328,058	465,000	2.22% due Mar. 7, 2018	463,031	469,270
60,000	3.54% due Jun. 12, 2020	60,000	62,793		Canadian Imperial Bank of Commerce (callable)		
271,000	3.25% due Jun. 17, 2020	270,797	279,722	188,000	6.00% due Jun. 6, 2023 (2018)	205,835	211,399
160,000	4.95% due May 19, 2021	159,414	180,033		Canadian Imperial Bank of Commerce		
315,000	3.35% due Mar. 22, 2023	314,468	318,971	261,000	2.35% due Jun. 24, 2019	260,768	263,800
145,000	4.70% due Sep. 11, 2023	144,851	159,941		Canadian National Railway Company (callable)		
87,000	6.55% due May 1, 2029	87,635	108,687	80,000	2.75% due Feb. 18, 2021 (Jan. 18, 2021)	79,475	82,203
80,000	7.85% due Apr. 2, 2031	93,650	110,619				

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
55,000	Canadian Natural Resources Limited	54,965	56,205	35,000	Choice Properties Real Estate Investment Trust (callable)		
171,000	3.05% due Jun. 19, 2019				4.90% due Jul. 5, 2023-Apr. 5, 2023)	35,000	38,597
50,000	2.60% due Dec. 3, 2019	170,696	170,524	135,000	4.29% due Feb. 8, 2024-(Nov. 8, 2023)	135,000	142,221
	2.89% due Aug. 14, 2020	50,002	50,286		CIBC Capital Trust		
	Canadian Natural Resources Limited (callable)			409,000	3.40% due Jan. 14, 2016	421,403	416,764
231,000	3.55% due Jun. 3, 2024-(Mar. 3, 2024)	230,152	232,224		CIBC Capital Trust (callable)		
	Canadian Pacific Railway Company			670,000	9.98% due Jun. 30, 2108-(2019)	792,655	865,630
170,000	6.25% due Jun. 1, 2018	191,140	193,462	435,000	10.25% due Jun. 30, 2108-(2039)	644,348	631,519
60,000	5.10% due Jan. 14, 2022	60,079	69,140		Cogeco Cable Inc.		
100,000	6.45% due Nov. 17, 2039	105,663	135,225	90,000	5.15% due Nov. 16, 2020	89,826	100,927
	Canadian Real Estate Investment Trust			91,000	4.93% due Feb. 14, 2022	91,035	100,915
46,000	3.68% due Jul. 24, 2018	46,000	47,481		Cogeco Cable Inc. (callable)		
29,000	4.32% due Jan. 15, 2021	29,000	30,576	75,000	4.18% due May 26, 2023-(Feb. 27, 2023)	75,055	78,690
	Canadian Tire Corporation, Limited				Comber Wind Financial Corporation		
105,000	6.32% due Feb. 24, 2034	110,230	130,315	207,892	5.13% due Nov. 15, 2030	207,875	218,974
55,000	5.61% due Sep. 4, 2035	57,054	63,519		Cominar Real Estate Investment Trust		
	Canadian Utilities Limited			107,000	3.62% due Jun. 21, 2019	106,986	108,705
100,000	6.15% due Nov. 22, 2017	117,890	112,389	265,000	4.23% due Dec. 4, 2019	262,848	274,447
160,000	6.80% due Aug. 13, 2019	202,432	193,147	72,000	4.94% due Jul. 27, 2020	72,710	76,821
35,000	9.92% due Apr. 1, 2022	54,540	50,964	59,000	4.25% due Dec. 8, 2021	59,000	59,759
100,000	3.12% due Nov. 9, 2022	100,000	104,038		Concordia University		
	Canadian Western Bank (callable)			30,000	6.55% due Sep. 2, 2042	29,996	42,095
99,000	4.39% due Nov. 30, 2020-(2015)	99,000	101,101		Crombie Real Estate Investment Trust		
	Canadian Western Bank			72,000	3.99% due Oct. 31, 2018	72,000	74,967
67,000	3.05% due Jan. 18, 2017	67,000	68,499	39,000	3.96% due Jun. 1, 2021	39,153	40,262
108,000	2.10% due Jun. 26, 2017	108,000	108,226		CU Inc.		
19,000	3.08% due Jan. 14, 2019	19,000	19,560	20,000	5.43% due Jan. 23, 2019	20,000	22,684
	Capital City Link General Partnership			54,000	4.80% due Nov. 22, 2021	59,387	62,308
148,000	4.39% due Mar. 31, 2046	148,006	157,057	40,000	5.56% due May 26, 2028	43,095	49,206
	Capital Desjardins Inc. (callable)			31,000	5.18% due Nov. 21, 2035	31,000	37,461
200,000	5.54% due Jun. 1, 2021-(2016)	200,000	210,104	28,000	5.03% due Nov. 20, 2036	28,000	33,347
	Capital Desjardins Inc.			113,000	5.56% due Oct. 30, 2037	114,575	144,098
160,000	5.19% due May 5, 2020	175,264	180,837	100,000	5.58% due May 26, 2038	121,153	128,405
85,000	4.95% due Dec. 15, 2021	85,000	96,028	179,000	4.54% due Oct. 24, 2041	187,095	202,008
	Capital Power LP.			131,000	3.81% due Sep. 10, 2042	128,780	131,552
117,000	4.85% due Feb. 21, 2019	116,863	124,888	198,000	4.72% due Mar. 9, 2043	198,000	230,194
130,000	5.28% due Nov. 16, 2020	130,000	141,984	80,000	4.95% due Nov. 18, 2050	80,000	96,846
	Cards II Trust			45,000	4.59% due Oct. 24, 2061	45,000	51,874
155,000	1.98% due Jan. 15, 2016	155,000	155,730	105,000	3.83% due Sep. 11, 2062	105,000	103,672
	Caterpillar Financial Services Limited				Cu Inc. (callable)		
83,000	2.12% due Nov. 25, 2016	82,990	83,662	39,000	4.56% due Nov. 7, 2053-(May 7, 2053)	39,000	44,341
100,000	2.63% due Jun. 1, 2017	99,977	102,109		Daimler Canada Finance Inc.		
110,000	2.29% due Jun. 1, 2018	109,979	111,129	255,000	2.23% due Apr. 18, 2016	255,005	256,738
	CBC Monetization Trust			152,000	3.28% due Sep. 15, 2016	152,000	155,968
79,294	4.69% due May 15, 2027	79,294	90,843	115,000	2.27% due Mar. 26, 2018	114,991	116,110
	CDP Financial Inc.				Dollarama Inc.		
220,000	4.60% due Jul. 15, 2020	219,547	248,617	74,000	3.10% due Nov. 5, 2018	74,000	75,544
	Central 1 Credit Union (callable)				Dream Office Real Estate Investment Trust		
110,000	2.89% due Apr. 25, 2024-(2019)	109,985	111,356	70,000	4.07% due Jan. 21, 2020	70,015	72,082
	Centre hospitalier de l'Université de Montréal				Duke Energy Corporation		
38,000	4.45% due Oct. 1, 2049	38,002	41,985	85,000	8.50% due Nov. 23, 2015	102,891	89,905
	CHIP Mortgage Trust			100,000	8.75% due Aug. 3, 2018	133,700	122,099
61,000	3.97% due Feb. 1, 2016	61,000	62,286		Eagle Credit Card Trust		
	Choice Properties LP			86,000	2.85% due Oct. 17, 2018	86,000	88,571
10,000	3.00% due Apr. 20, 2017	10,222	10,203		Emera Inc.		
33,000	3.00% due Sep. 20, 2019	32,938	33,531	102,000	2.96% due Dec. 13, 2016	102,426	104,115
178,000	3.60% due Apr. 20, 2020	181,861	184,831	45,000	4.83% due Dec. 2, 2019	48,452	49,645
25,000	3.60% due Sep. 20, 2021	25,049	25,725		Empire Life Insurance Company, The (callable)		
	Choice Properties LP (callable)			76,000	2.87% due May 31, 2023-(2018)	76,000	77,494
60,000	3.60% due Sep. 20, 2022-(Jun. 20, 2022)	58,973	61,126		Enbridge Gas Distribution Inc.		
	Choice Properties Real Estate Investment Trust			70,000	5.16% due Dec. 4, 2017	80,111	76,707
70,000	3.00% due Apr. 20, 2016	71,359	70,796	153,000	4.04% due Nov. 23, 2020	161,199	167,465
120,000	3.55% due Jul. 5, 2018	120,000	124,917	32,000	4.77% due Dec. 17, 2021	36,104	36,634
55,000	3.50% due Feb. 8, 2021	55,000	56,629	17,000	3.15% due Aug. 22, 2024	16,952	17,329

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBT INSTRUMENTS (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
	Enbridge Gas Distribution Inc. (cont'd)				First Capital Realty Inc. (cont'd)		
70,000	7.60% due Oct. 29, 2026	91,571	98,598	88,000	4.50% due Mar. 1, 2021	88,341	95,170
50,000	6.90% due Nov. 15, 2032	62,313	70,583	78,000	4.43% due Jan. 31, 2022	78,464	83,884
50,000	5.21% due Feb. 25, 2036	49,932	60,325	29,000	4.79% due Aug. 30, 2024	29,133	31,535
63,000	4.50% due Nov. 23, 2043	62,958	70,265	23,000	4.32% due Jul. 31, 2025	23,272	23,927
7,000	4.00% due Aug. 22, 2044	6,977	7,204		Ford Credit Canada Limited		
	Enbridge Inc.			325,000	3.32% due Dec. 19, 2017	324,867	334,641
70,000	5.00% due Aug. 9, 2016	69,684	73,438	276,000	3.70% due Aug. 2, 2018	276,000	288,327
150,000	4.77% due Sep. 2, 2019	149,930	164,782	440,000	2.94% due Feb. 19, 2019	440,000	447,320
95,000	4.53% due Mar. 9, 2020	94,985	103,654		Fortis Inc.		
65,000	4.26% due Feb. 1, 2021	64,971	70,248	70,000	6.51% due Jul. 4, 2039	69,954	97,729
125,000	3.19% due Dec. 5, 2022	124,915	124,477	141,000	4.25% due Dec. 9, 2041	145,565	152,325
63,000	7.22% due Jul. 24, 2030	77,413	80,832		FortisAlberta Inc.		
84,000	7.20% due Jun. 18, 2032	113,870	108,935	30,000	6.22% due Oct. 31, 2034	29,991	40,447
39,000	5.57% due Nov. 14, 2035	41,991	43,669	18,000	5.40% due Apr. 21, 2036	17,987	22,297
83,000	5.75% due Sep. 2, 2039	83,743	95,837	45,000	7.06% due Feb. 14, 2039	58,037	67,960
35,000	5.12% due Sep. 28, 2040	38,190	37,256	75,000	5.37% due Oct. 30, 2039	74,967	93,888
128,000	4.24% due Aug. 27, 2042	125,720	119,679	42,000	4.80% due Oct. 27, 2050	41,970	49,362
55,000	4.57% due Mar. 11, 2044	54,937	54,222	80,000	3.98% due Oct. 23, 2052	79,952	81,639
151,000	4.95% due Nov. 22, 2050	156,114	180,901		FortisAlberta Inc. (callable)		
	Enbridge Inc. (callable)			22,000	3.30% due Sep. 30, 2024 (Jun. 30, 2024)	21,998	22,822
188,000	3.94% due Jun. 30, 2023 (Mar. 30, 2023)	188,000	195,975		FortisAlberta Inc. (callable)		
48,000	4.56% due Mar. 28, 2064 (Sep. 28, 2063)	47,963	45,202	65,000	4.85% due Sep. 11, 2043 (Mar. 11, 2043)	64,929	76,925
	Enbridge Income Fund			14,000	4.11% due Sep. 29, 2044 (Mar. 29, 2044)	13,998	14,808
89,000	4.10% due Feb. 22, 2019	88,829	94,441		FortisBC Inc.		
150,000	4.85% due Feb. 22, 2022	149,813	166,847	116,000	5.60% due Nov. 9, 2035	139,640	145,381
145,000	3.95% due Nov. 19, 2024	145,000	148,574	31,000	4.00% due Oct. 28, 2044	30,979	32,061
	Enbridge Income Fund (callable)			15,000	5.00% due Nov. 24, 2050	14,974	18,243
73,000	4.87% due Nov. 21, 2044 (May 21, 2044)	72,931	76,788		Gaz Metro Inc.		
	Enbridge Pipelines Inc.			38,000	4.93% due Jun. 18, 2019	42,668	42,576
130,000	6.62% due Nov. 19, 2018	161,509	152,004	66,000	5.45% due Jul. 12, 2021	76,816	78,133
60,000	3.79% due Aug. 17, 2023	59,980	64,043	30,000	6.30% due Oct. 31, 2033	29,824	40,296
72,000	6.35% due Nov. 17, 2023	82,178	90,547	29,000	5.70% due Jul. 10, 2036	28,954	37,198
200,000	8.20% due Feb. 15, 2024	289,186	276,626		GE Capital Canada Funding Company		
96,000	6.10% due Jul. 14, 2028	82,368	115,256	312,000	5.10% due Jun. 1, 2016	338,298	327,153
26,000	5.08% due Dec. 19, 2036	25,980	30,534	146,000	4.55% due Jan. 17, 2017	134,991	154,252
125,000	5.33% due Apr. 6, 2040	145,875	152,898	225,000	5.53% due Aug. 17, 2017	224,047	246,358
133,000	4.55% due Aug. 17, 2043	132,914	147,604	270,000	4.40% due Feb. 8, 2018	281,950	290,203
	EnCana Corporation			365,000	5.68% due Sep. 10, 2019	382,143	421,492
280,000	5.80% due Jan. 18, 2018	306,811	308,851		General Electric Capital Corporation		
	EnerCare Solutions Inc.			205,000	2.42% due May 31, 2018	204,990	208,355
72,000	4.30% due Nov. 30, 2017	71,941	74,942	160,000	3.55% due Jun. 11, 2019	159,637	169,740
120,000	4.60% due Feb. 3, 2020	119,928	126,096	247,000	4.60% due Jan. 26, 2022	246,941	278,390
	Enersource Corporation				General Electric Company		
35,000	4.52% due Apr. 29, 2021	35,000	39,221	155,000	3.35% due Nov. 23, 2016	158,730	159,823
60,000	5.30% due Apr. 29, 2041	60,000	74,468		Genesis Trust II		
	ENMAX Corporation (callable)			234,000	2.30% due Feb. 15, 2017	234,000	237,028
87,000	3.81% due Dec. 5, 2024 (Sep. 5, 2024)	87,000	88,231	210,000	2.43% due May 15, 2019	210,000	213,127
	EPCOR Utilities Inc.				Genworth MI Canada Inc.		
90,000	5.80% due Jan. 31, 2018	101,546	100,478	120,000	4.24% due Apr. 1, 2024	120,000	124,632
33,000	5.65% due Nov. 16, 2035	32,830	41,370		George Weston Limited		
100,000	6.65% due Apr. 15, 2038	110,800	142,365	120,000	3.78% due Oct. 25, 2016	122,905	124,037
85,000	5.75% due Nov. 24, 2039	89,719	110,117	25,000	7.10% due Feb. 5, 2032	28,165	31,689
95,000	4.55% due Feb. 28, 2042	94,953	105,518		George Weston Ltd.		
	Equitable Bank			58,000	4.12% due Jun. 17, 2024	58,000	60,305
25,000	2.60% due Apr. 7, 2017	25,000	25,154		Glacier Credit Card Trust		
	ERAC Canada Finance Ltd.			164,000	2.81% due May 20, 2017	164,000	167,971
45,000	5.38% due Feb. 26, 2016	44,969	46,504	85,000	2.39% due Oct. 20, 2017	85,000	86,232
	Fairfax Financial Holdings Limited			144,000	2.76% due Nov. 20, 2018	144,000	147,748
266,000	5.84% due Oct. 14, 2022	269,276	291,646	151,000	2.57% due Sep. 20, 2019	151,000	153,217
	Finnish International Inc.				Golden Credit Card Trust		
75,000	5.08% due Jun. 13, 2042	75,000	83,996	335,000	3.51% due May 15, 2016	342,942	343,861
	First Capital Realty Inc.				GrandLinq GP		
45,000	5.48% due Jul. 30, 2019	45,042	50,330	24,000	4.77% due Mar. 31, 2047	24,000	25,750

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
74,000	Granite Real Estate Investment Trust 4.61% due Oct. 2, 2018	74,000	78,601	119,000	Hydro One Inc. (cont'd) 3.20% due Jan. 13, 2022	119,795	125,323
58,000	Granite Real Estate Investment Trust (callable) 3.79% due Jul. 5, 2021 (Jun. 5, 2021)	58,000	59,414	135,000	7.35% due Jun. 3, 2030	156,842	195,171
200,000	Great-West Lifeco Finance (Delaware) LP 5.69% due Jun. 21, 2017	198,780	217,801	115,000	6.93% due Jun. 1, 2032	138,865	163,885
85,000	Great-West Lifeco Inc. 6.14% due Mar. 21, 2018	96,934	95,916	20,000	6.35% due Jan. 31, 2034	20,151	27,323
180,000	7.13% due Jun. 26, 2018	202,021	210,067	99,000	5.36% due May 20, 2036	113,144	123,107
168,000	4.65% due Aug. 13, 2020	175,948	187,310	50,000	4.89% due Mar. 13, 2037	55,732	58,792
100,000	6.74% due Nov. 24, 2031	99,885	134,022	51,000	5.49% due Jul. 16, 2040	52,799	65,457
190,000	6.67% due Mar. 21, 2033	212,812	254,629	35,000	5.00% due Oct. 19, 2046	34,126	42,644
50,000	5.00% due Nov. 16, 2039	53,393	65,250	63,000	4.00% due Dec. 22, 2051	63,011	65,293
85,000	Greater Toronto Airports Authority 4.70% due Feb. 15, 2016	84,937	88,019	123,000	3.79% due Jul. 31, 2062	122,642	121,673
175,000	4.85% due Jun. 1, 2017	195,778	188,517	48,000	Hydro One Inc. (callable) 4.59% due Oct. 9, 2043 (Apr. 9, 2043)	47,992	54,966
220,000	5.26% due Apr. 17, 2018	251,583	244,559	71,000	4.17% due Jun. 6, 2044 (Dec. 6, 2043)	70,928	75,940
50,000	5.96% due Nov. 20, 2019	49,989	59,043	50,000	IGM Financial Inc. 6.58% due Mar. 7, 2018	57,669	56,775
55,000	3.04% due Sep. 21, 2022	54,995	57,208	250,000	7.35% due Apr. 8, 2019	289,091	299,400
49,000	6.45% due Dec. 3, 2027	51,685	65,004	119,000	InPower BC General Partnership 4.47% due Mar. 31, 2033	118,284	126,964
108,000	7.05% due Jun. 12, 2030	132,143	152,085	75,000	Intact Financial Corporation 5.41% due Sep. 3, 2019	80,292	84,733
99,000	7.10% due Jun. 4, 2031	116,897	141,592	40,000	4.70% due Aug. 18, 2021	41,116	44,636
130,000	6.98% due Oct. 15, 2032	184,015	186,010	59,000	6.40% due Nov. 23, 2039	61,785	76,749
100,000	6.47% due Feb. 2, 2034	99,316	138,354	102,000	5.16% due Jun. 16, 2042	101,907	116,971
125,000	5.63% due Jun. 7, 2040	124,874	162,875	66,000	Integrated Team Solutions SJHC Partnership 2.24% due May 31, 2018	66,000	66,457
175,000	5.30% due Feb. 25, 2041	199,512	219,411	50,000	5.95% due Nov. 30, 2042	50,000	62,296
189,000	4.53% due Dec. 2, 2041	191,087	213,112	30,000	4.88% due May 31, 2046	30,000	33,369
55,000	H&R Real Estate Investment Trust 4.78% due Jul. 27, 2016	55,111	57,261	70,000	Inter Pipeline Fund 3.84% due Jul. 30, 2018	70,000	73,700
80,000	3.34% due Jun. 20, 2018	80,073	82,119	178,000	3.45% due Jul. 20, 2020	178,000	184,488
90,000	4.45% due Mar. 2, 2020	90,063	96,051	125,000	4.97% due Feb. 2, 2021	125,000	139,831
83,000	Halifax International Airport Authority 5.50% due Jul. 19, 2041	96,851	106,859	188,000	3.78% due May 30, 2022	188,000	195,883
48,000	4.89% due Nov. 15, 2050	47,999	57,959	60,000	Inter Pipeline Ltd. (callable) 4.64% due May 30, 2044 (Nov. 30, 2043)	60,000	61,950
550,000	Health Montreal Collective Limited Partnership 6.72% due Sep. 30, 2049	658,899	727,352	65,000	Inter-American Development Bank 1.88% due Mar. 20, 2020	64,795	65,407
214,000	Hollis Receivables Term Trust 2.24% due Sep. 26, 2016	214,000	216,119	464,000	4.40% due Jan. 26, 2026	509,623	534,273
273,000	2.43% due Jun. 26, 2019	273,000	276,256	60,000	Investors Group Inc. 7.45% due May 9, 2031	63,120	82,860
141,000	Home Trust Company 2.35% due May 24, 2017	140,968	141,134	50,000	7.11% due Mar. 7, 2033	50,229	68,207
41,000	3.40% due Dec. 10, 2018	40,985	42,103	100,000	John Deere Canada Funding Inc. 1.95% due Jan. 14, 2016	99,858	100,442
222,000	Honda Canada Finance Inc. 2.28% due Dec. 11, 2017	222,000	224,722	94,000	1.95% due Apr. 12, 2017	93,935	94,548
138,000	2.35% due Jun. 4, 2018	138,000	139,785	54,000	2.65% due Jul. 16, 2018	53,993	55,271
150,000	Hospital for Sick Children 5.22% due Dec. 16, 2049	150,000	186,283	131,000	2.35% due Jun. 24, 2019	130,859	132,295
195,000	Hospital Infrastructure Partners (NOH) Partnership 5.44% due Jan. 31, 2045	201,560	234,323	100,000	John Deere Credit Inc. 2.30% due Jul. 5, 2016	99,977	101,002
250,000	HSBC Bank of Canada 2.90% due Jan. 13, 2017	255,800	255,723	110,000	Laurentian Bank of Canada (callable) 3.13% due Oct. 19, 2022 (2017)	110,000	112,615
405,000	3.56% due Oct. 4, 2017	411,563	423,067	199,000	Leisureworld Senior Care LP Series B Restricted 3.47% due Feb. 3, 2021	199,000	207,072
320,000	2.49% due May 13, 2019	320,000	324,765	75,000	Loblaws Companies Limited 7.10% due Jun. 1, 2016	85,117	80,521
400,000	2.94% due Jan. 14, 2020	400,000	412,137	200,000	3.75% due Mar. 12, 2019	200,000	211,258
273,000	2.91% due Sep. 29, 2021	273,000	278,654	300,000	6.65% due Nov. 8, 2027	294,403	370,983
30,000	HSBC Canada Asset Trust (callable) 5.15% due Jun. 30, 2049 (2015)	30,000	30,473	45,000	6.50% due Jan. 22, 2029	55,341	55,144
105,000	Husky Energy Inc. 5.00% due Mar. 12, 2020	105,798	116,406	50,000	6.85% due Mar. 1, 2032	53,885	63,307
129,000	Hydro One Inc. 4.64% due Mar. 3, 2016	128,705	133,707	44,000	6.54% due Feb. 17, 2033	51,097	54,460
135,000	5.18% due Oct. 18, 2017	145,099	147,848	40,000	6.15% due Jan. 29, 2035	41,844	47,865
354,000	2.78% due Oct. 9, 2018	353,982	366,270	60,000	5.90% due Jan. 18, 2036	59,915	70,314
110,000	4.40% due Jun. 1, 2020	113,740	122,909	45,000	6.45% due Mar. 1, 2039	48,983	56,466
				122,000	Loblaws Companies Limited (callable) 4.86% due Sep. 12, 2023 (Jun. 12, 2023)	122,000	135,800

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBT INSTRUMENTS (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
125,000	Lower Mattagami Energy Limited Partnership	125,000	126,635	175,000	NAV Canada (cont'd)	175,000	176,155
72,000	2.23% due Oct. 23, 2017	76,375	80,183	50,000	1.95% due Apr. 19, 2018	57,461	56,928
117,000	4.33% due May 18, 2021	117,000	122,451	95,000	5.30% due Apr. 17, 2019	95,000	106,632
81,000	3.42% due Jun. 20, 2024	81,000	98,576	161,850	4.40% due Feb. 18, 2021	200,853	208,101
114,000	5.14% due May 18, 2041	114,000	119,669	30,000	7.56% due Mar. 1, 2027	33,804	43,082
115,000	4.18% due Apr. 23, 2052	121,594	123,816	500,000	7.40% due Jun. 1, 2027	529,850	611,693
100,000	Manitoba Telecom Services Inc.	108,628	113,573	232,779	NBC Asset Trust (callable)	232,795	261,509
141,000	Manufacturers Life Insurance Co., The (callable)	140,996	142,044	172,000	7.45% due Jun. 30, 2049-(2020)	171,737	175,374
215,000	2.64% due Jan. 15, 2025-(2020)	215,000	224,118	60,000	North Battleford Power	59,845	62,328
147,000	Manufacturers Life Insurance Company (callable)	147,000	149,925	43,955	4.96% due Dec. 31, 2032	43,961	45,250
28,000	4.21% due Nov. 18, 2021-(2016)	28,000	28,657	200,000	North West Redwater Partnership (callable)	273,960	223,184
54,000	Manufacturers Life Insurance Company (callable)	54,000	54,552	15,000	3.20% due Jul. 22, 2024-(Apr. 23, 2024)	19,238	22,924
90,000	2.82% due Feb. 26, 2023-(2018)	90,000	91,767	100,000	4.05% due Jul. 22, 2044-(Jan. 24, 2044)	105,394	141,091
100,000	2.93% due Nov. 29, 2023-(2018)	100,000	104,699	43,000	Northland Power Inc.	47,032	53,934
230,000	Manulife Bank of Canada	209,998	254,870	101,000	4.40% due Jun. 30, 2032	120,307	133,252
250,000	2.38% due Oct. 17, 2016	267,432	305,243	110,000	NOVA Gas Transmission Ltd.	132,862	139,763
155,000	Manulife Bank of Canada (callable)	155,000	163,097	45,000	12.20% due Feb. 28, 2016	44,962	46,782
200,000	2.81% due Feb. 21, 2024-(2019)	211,778	222,480	68,000	9.90% due Dec. 16, 2024	67,590	74,877
190,000	Manulife Financial (Delaware) LP (callable)	209,891	230,798	110,000	Nova Scotia Power Inc.	110,000	112,217
406,000	4.45% due Dec. 15, 2026-(2016)	404,624	441,665	53,000	6.95% due Aug. 25, 2033	53,000	53,543
250,000	Manulife Financial (Delaware) LP (callable)	267,432	305,243	150,000	5.67% due Nov. 14, 2035	150,000	156,292
155,000	5.06% due Dec. 15, 2041-(2036)	155,000	163,097	59,000	5.95% due Jul. 27, 2039	59,000	60,625
200,000	Manulife Financial Capital Trust II (callable)	211,778	222,480	152,000	5.61% due Jun. 15, 2040	151,895	154,928
190,000	7.41% due Dec. 31, 2108-(2019)	209,891	230,798	145,000	4.15% due Mar. 6, 2042	144,865	148,102
406,000	Manulife Financial Corporation (callable)	404,624	441,665	35,000	4.50% due Jul. 20, 2043	34,917	35,447
250,000	4.17% due Jun. 1, 2022-(2017)	250,000	256,419	114,000	Omers Realty Corporation	121,883	127,070
305,000	Manulife Financial Corporation	306,605	310,817	150,000	2.50% due Jun. 5, 2018	149,975	156,326
148,000	5.51% due Jun. 26, 2018	148,000	151,876	75,000	2.47% due Nov. 12, 2019	74,915	77,658
60,000	7.77% due Apr. 8, 2019	60,000	61,134	130,000	3.36% due Jun. 5, 2023	130,000	144,972
93,000	Maritime Link Financing Trust	92,959	116,354	84,343	3.33% due Nov. 12, 2024	84,343	105,258
20,000	3.50% due Dec. 1, 2052	19,981	29,073	74,000	OPB Finance Trust	74,596	84,228
140,000	Master Credit Card Trust	144,460	160,300	419,000	2.90% due May 24, 2023	484,731	552,282
61,000	3.50% due May 21, 2016	60,993	61,775	25,000	Pembina Pipeline Corp.	24,981	40,063
42,000	2.63% due Jan. 21, 2017	41,981	43,136	150,000	4.81% due Mar. 25, 2044	177,642	200,833
169,000	2.72% due Nov. 21, 2018	169,752	172,178	105,000	Pembina Pipeline Corp. (callable)	105,000	107,126
453,000	MCAP Commercial LP	453,000	465,437	75,000	4.75% due Apr. 30, 2043-(Oct. 30, 2042)	75,000	76,421
293,000	3.96% due Mar. 11, 2019	293,000	299,482	184,000	Pembina Pipeline Corporation	183,948	187,709
211,000	McGill University	211,000	211,260	191,000	4.89% due Mar. 29, 2021	191,381	201,254
289,000	5.36% due Dec. 31, 2043	289,000	296,999	275,000	3.77% due Oct. 24, 2022	280,711	291,277
325,000	6.15% due Oct. 7, 2052	325,900	327,393	550,000	Penske Truck Leasing Canada	538,638	565,811
80,000	METRO Inc.	80,000	82,900	100,000	3.65% due Feb. 1, 2018	100,000	115,209
	5.97% due Oct. 15, 2035				Plenary Health Care Partnerships Humber LP		
	METRO Inc. (callable)				4.90% due May 31, 2039		
	3.20% due Dec. 1, 2021-(Nov. 1, 2021)				Plenary Health Hamilton LP		
	5.03% due Dec. 1, 2044-(Jun. 1, 2044)				5.80% due May 31, 2043		
	Milit-Air Inc.				4.82% due Nov. 30, 2044		
	5.75% due Jun. 30, 2019				Plenary Properties LTAP LP		
	National Bank of Canada				6.29% due Jan. 31, 2044		
	2.05% due Jan. 11, 2016				Power Corporation of Canada		
	3.58% due Apr. 26, 2016				8.57% due Apr. 22, 2039		
	2.70% due Dec. 15, 2016				Power Financial Corporation		
	National Bank of Canada (callable)				6.90% due Mar. 11, 2033		
	3.26% due Apr. 11, 2022-(2017)				Powerstream Inc.		
	National Bank of Canada				3.96% due Jul. 30, 2042		
	2.69% due Aug. 21, 2017				Powerstream Inc. (callable)		
	1.95% due Dec. 11, 2017				3.24% due Nov. 21, 2024-(Aug. 21, 2024)		
	2.79% due Aug. 9, 2018				PSP Capital Inc.		
	2.40% due Oct. 28, 2019				2.26% due Feb. 16, 2017		
	NAV Canada				3.03% due Oct. 22, 2020		
	4.71% due Feb. 24, 2016				3.29% due Apr. 4, 2024		
					RBC Capital Trust		
					4.87% due Dec. 31, 2015		
					RBC Capital Trust (callable)		
					6.82% due Jun. 30, 2049-(2018)		

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBT INSTRUMENTS (cont'd)				BOND AND DEBT INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
100,000	Reliance LP			65,000	Standard Life Canada (callable)		
30,000	4.57% due Mar. 15, 2017	100,000	104,202		3.94% due Sep. 21, 2022 -(2017)	65,000	68,087
	4.08% due Aug. 2, 2021	30,000	30,301		Sun Life Capital Trust II		
75,000	RioCan Real Estate Investment Trust			150,000	5.86% due Dec. 31, 2019	152,567	172,868
25,000	4.50% due Jan. 21, 2016	75,056	77,061		Sun Life Financial Inc.		
57,000	2.87% due Mar. 5, 2018	25,066	25,436	209,000	4.38% due Mar. 2, 2017	208,954	219,710
69,000	3.85% due Jun. 28, 2019	57,191	59,846	120,000	5.70% due Jul. 2, 2019	119,918	137,594
117,000	3.62% due Jun. 1, 2020	69,135	71,474	100,000	5.59% due Jan. 30, 2023	108,557	109,985
89,000	3.72% due Dec. 13, 2021	117,284	120,616		Sun Life Financial Inc. (callable)		
110,000	3.75% due May 30, 2022	89,310	91,362	227,000	5.40% due May 29, 2042-(2037)	212,440	264,537
	3.73% due Apr. 18, 2023	110,201	111,920		Sun Life Financial Inc. (callable)		
242,000	Rogers Communications Inc.			292,000	4.95% due Jun. 1, 2036-(2016)	297,379	304,347
249,000	5.80% due May 26, 2016	241,436	255,115		Suncor Energy, Inc.		
150,000	3.00% due Jun. 6, 2017	248,803	255,313	265,000	5.80% due May 22, 2018	293,281	296,876
395,000	2.80% due Mar. 13, 2019	149,958	152,846	95,000	5.39% due Mar. 26, 2037	100,320	108,911
275,000	4.70% due Sep. 29, 2020	402,926	436,462		Suncor Energy, Inc. (callable)		
199,000	5.34% due Mar. 22, 2021	287,535	314,142	168,000	3.10% due Nov. 26, 2021-(Oct. 26, 2021)	167,434	170,129
155,000	4.00% due Jun. 6, 2022	198,204	211,110		TD Capital Trust (callable)		
119,000	6.68% due Nov. 4, 2039	161,006	198,814	491,000	6.63% due Jun. 30, 2108-(2021)	540,519	593,629
70,000	6.11% due Aug. 25, 2040	119,873	143,272		TD Capital Trust III (callable)		
	6.56% due Mar. 22, 2041	77,605	89,084	300,000	7.24% due Dec. 31, 2049-(2018)	300,000	354,237
167,000	Rogers Communications Inc. (callable)				TD Capital Trust IV (callable)		
	4.00% due Mar. 13, 2024-(Dec. 13, 2023)	166,509	174,457	274,000	9.52% due Jun. 30, 2108-(2019)	349,191	349,397
725,000	Royal Bank of Canada			110,000	10.00% due Jun. 30, 2108-(2039)	140,544	155,675
301,000	3.36% due Jan. 11, 2016	723,822	738,346		Telus Communication Inc.		
670,000	2.07% due Jun. 17, 2016	300,931	302,924	32,000	10.65% due Jun. 19, 2021	41,509	46,094
158,000	3.03% due Jul. 26, 2016	677,105	684,185	290,000	9.65% due Apr. 8, 2022	400,406	411,113
680,000	2.68% due Dec. 8, 2016	158,499	160,935		TELUS Corporation		
615,000	2.58% due Apr. 13, 2017	679,905	692,606	225,000	3.65% due May 25, 2016	230,625	230,829
900,000	2.36% due Sep. 21, 2017	615,000	623,312	250,000	4.95% due Mar. 15, 2017	235,000	266,682
380,000	2.26% due Mar. 12, 2018	902,930	908,923	69,000	5.05% due Dec. 4, 2019	68,599	77,286
406,000	3.77% due Mar. 30, 2018	379,954	403,953	175,000	5.05% due Jul. 23, 2020	190,264	196,889
665,000	2.82% due Jul. 12, 2018	405,907	417,734	215,000	3.20% due Apr. 5, 2021	214,439	220,570
413,000	2.77% due Dec. 11, 2018	664,721	682,641	170,000	4.85% due Apr. 5, 2044	169,786	179,471
	2.98% due May 7, 2019	413,000	428,336	45,000	4.75% due Jan. 17, 2045	44,681	46,803
655,000	Royal Bank of Canada (callable)				TELUS Corporation (callable)		
	2.99% due Dec. 6, 2024-(2019)	655,000	669,960	90,000	3.35% due Mar. 15, 2023-(Dec. 15, 2022)	89,895	91,366
347,000	Royal Bank of Canada			115,000	3.35% due Apr. 1, 2024-(Jan. 2, 2024)	114,350	115,183
150,000	2.35% due Dec. 9, 2019	346,743	348,686		TELUS Corporation (callable)		
299,012	4.93% due Jul. 16, 2025	162,873	176,579	90,000	3.75% due Jan. 17, 2025-(Oct. 17, 2024)	89,798	92,293
	Royal Office Finance LP			205,000	4.40% due Apr. 1, 2043-(Oct. 1, 2042)	204,524	201,385
154,000	5.21% due Nov. 12, 2032	302,673	368,799	91,000	5.15% due Nov. 26, 2043-(May 26, 2043)	90,545	100,323
	Saputo Inc.				Teranet Holdings LP		
125,000	2.65% due Nov. 26, 2019	154,000	155,826	170,000	3.53% due Dec. 16, 2015	170,332	172,553
140,000	Shaw Communications Inc.			170,000	4.81% due Dec. 16, 2020	170,818	188,047
305,000	6.15% due May 9, 2016	140,773	132,143	120,000	5.75% due Dec. 17, 2040	123,553	135,472
223,000	5.70% due Mar. 2, 2017	154,490	151,026	90,000	6.10% due Jun. 17, 2041	89,960	106,344
324,000	5.65% due Oct. 1, 2019	310,380	346,224		Terasen Gas Inc.		
	5.50% due Dec. 7, 2020	229,763	254,915	75,000	5.90% due Feb. 26, 2035	86,067	97,699
	6.75% due Nov. 9, 2039	322,315	402,203	20,000	5.55% due Sep. 25, 2036	19,997	25,252
60,000	Shoppers Drug Mart Corporation			35,000	6.05% due Feb. 15, 2038	34,976	46,752
130,000	2.01% due May 24, 2016	59,988	60,227	75,000	5.80% due May 13, 2038	78,971	98,270
	2.36% due May 24, 2018	129,951	131,207	60,000	5.20% due Dec. 6, 2040	59,828	73,181
50,000	Simon Fraser University				Thomson Reuters Corporation		
	5.61% due Jun. 10, 2043	50,000	65,341	247,000	4.35% due Sep. 30, 2020	253,668	267,394
119,000	SNC-Lavalin Group Inc.			117,000	3.31% due Nov. 12, 2021	117,000	118,809
	6.19% due Jul. 3, 2019	129,068	136,908		THP Partnership		
140,000	Sobeys Inc.			41,000	4.39% due Oct. 31, 2046	41,000	43,678
220,000	3.52% due Aug. 8, 2018	139,943	145,010		Tim Hortons Inc.		
47,000	4.70% due Aug. 8, 2023	220,000	237,970	120,000	2.85% due Apr. 1, 2019	119,966	121,203
	6.64% due Jun. 7, 2040	46,976	59,489		Tim Hortons, Inc.		
100,000	South Coast British Columbia Transportation Authority			63,000	4.20% due Jun. 1, 2017	62,989	63,816
37,000	3.80% due Nov. 2, 2020	99,926	108,951		Tim Hortons, Inc. (callable)		
	3.05% due Jun. 4, 2025	36,839	37,535	43,000	4.52% due Dec. 1, 2023-(Sep. 1, 2023)	42,990	43,547

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)				Corporate Bonds (cont'd)			
137,000	TMX Group Inc. 3.25% due Oct. 3, 2018	137,000	142,467	96,000	Union Gas Ltd. (callable) 3.79% due Jul. 10, 2023-(Apr. 10, 2023)	95,967	102,938
143,000	TMX Group Ltd. (callable) 4.46% due Oct. 3, 2023-(Aug. 3, 2023)	143,000	156,695	55,000	Union Gas Limited 4.64% due Jun. 30, 2016	59,805	57,374
50,000	Toronto Community Housing Corporation Issuer Trust 4.88% due May 11, 2037	50,000	58,922	100,000	5.35% due Apr. 27, 2018	99,870	110,936
100,000	Toronto Hydro Corporation 5.15% due Nov. 14, 2017	114,432	109,542	90,000	4.85% due Apr. 25, 2022	101,859	103,147
100,000	4.49% due Nov. 12, 2019	110,473	110,862	25,000	8.65% due Nov. 10, 2025	29,500	36,984
108,000	3.54% due Nov. 18, 2021	107,946	115,725	50,000	5.46% due Sep. 11, 2036	50,000	61,442
40,000	5.54% due May 21, 2040	45,945	51,515	95,000	6.05% due Sep. 2, 2038	113,050	126,853
93,000	Toronto Hydro Corporation (callable) 2.91% due Apr. 10, 2023-(Jan. 10, 2023)	92,984	94,755	125,000	5.20% due Jul. 23, 2040	140,398	151,322
32,000	3.96% due Apr. 9, 2063-(Oct. 9, 2062)	31,965	32,441	100,000	Union Gas Ltd. (callable) 4.88% due Jun. 21, 2041-(Dec. 21, 2040)	99,875	116,849
275,000	Toronto-Dominion Bank, The 2.95% due Aug. 2, 2016	278,002	280,717	70,000	Union Gas Ltd. (callable) 2.76% due Jun. 2, 2021-(May 2, 2021)	69,978	71,387
525,000	Toronto-Dominion Bank, The (callable) 4.78% due Dec. 14, 2105-(2016)	556,427	553,045	50,000	4.20% due Jun. 2, 2044-(Dec. 2, 2043)	49,966	52,683
110,000	Toronto-Dominion Bank, The 1.82% due Apr. 3, 2017	110,000	110,283	20,000	University of British Columbia 4.82% due Jul. 26, 2035	20,000	23,345
398,000	2.43% due Aug. 15, 2017	398,000	404,388	20,000	University of Guelph 6.24% due Oct. 10, 2042	19,974	28,193
447,000	Toronto-Dominion Bank, The (callable) 5.76% due Dec. 18, 2106-(2017)	468,597	493,027	42,139	University of Ontario Institute of Technology 6.35% due Oct. 15, 2034	42,139	50,226
515,000	Toronto-Dominion Bank, The 2.17% due Apr. 2, 2018	515,000	518,964	75,000	University of Toronto 4.25% due Dec. 7, 2051	73,301	82,808
666,000	2.45% due Apr. 2, 2019	665,999	675,684	71,000	University of Western Ontario 4.80% due May 24, 2047	71,955	83,358
433,000	2.56% due Jun. 24, 2020	434,320	438,758	41,000	University of Windsor 5.37% due Jun. 29, 2046	42,507	51,666
222,000	2.62% due Dec. 22, 2021	222,000	222,739	220,000	Vancouver International Airport Authority 4.42% due Dec. 7, 2018	238,367	241,078
229,000	3.23% due Jul. 24, 2024	229,000	235,419	173,000	Ventas Canada Finance Ltd. 3.00% due Sep. 1, 2019	172,503	175,368
50,000	9.15% due May 26, 2025	62,200	76,406	169,000	Ventas Canada Finance Ltd. (callable) 4.13% due Sep. 30, 2024-(Jun. 30, 2024)	168,327	174,596
200,000	Toronto-Dominion Bank, The (callable) 5.83% due Jul. 9, 2023-(2018)	227,800	224,670	23,000	Versen Inc. 3.95% due Mar. 14, 2017	22,987	23,839
110,000	Toyota Credit Canada Inc. 3.55% due Feb. 22, 2016	109,880	112,408	71,000	4.00% due Nov. 22, 2018	70,799	74,129
222,000	2.45% due Feb. 27, 2017	221,980	225,583	80,000	3.06% due Jun. 13, 2019	79,967	80,566
130,000	2.20% due Oct. 19, 2017	129,871	131,326	90,000	VW Credit Canada, Inc. 3.60% due Feb. 1, 2016	92,399	91,904
194,000	2.75% due Jul. 18, 2018	193,973	199,250	80,000	2.20% due Oct. 11, 2016	79,918	80,713
40,000	2.48% due Nov. 19, 2019	39,994	40,469	35,000	2.90% due Jun. 1, 2017	35,000	35,919
120,000	TransAlta Corporation 6.40% due Nov. 18, 2019	135,576	133,190	141,000	2.45% due Nov. 14, 2017	140,749	143,292
151,000	5.00% due Nov. 25, 2020	150,269	157,856	108,000	2.80% due Aug. 20, 2018	107,905	110,935
105,000	6.90% due Nov. 15, 2030	108,995	113,623	149,000	2.50% due Oct. 1, 2019	148,917	150,833
80,000	TransCanada Corporation 3.65% due Nov. 15, 2021	79,894	85,080	160,000	Wells Fargo Financial Canada Corporation 3.70% due Mar. 30, 2016	159,934	164,094
70,000	TransCanada PipeLines Limited 4.65% due Oct. 3, 2016	69,983	73,534	320,000	2.77% due Feb. 9, 2017	320,218	326,856
30,000	5.10% due Jan. 11, 2017	29,955	31,989	405,000	2.94% due Jul. 25, 2019	405,000	418,585
110,000	9.45% due Mar. 20, 2018	132,946	133,715	248,000	3.46% due Jan. 24, 2023	248,000	257,435
90,000	11.80% due Nov. 20, 2020	144,104	133,735	266,210	West Edmonton Mall Property Inc. 4.06% due Feb. 13, 2024	266,210	281,433
75,000	7.90% due Apr. 15, 2027	102,697	104,185	172,000	4.31% due Feb. 13, 2024	172,000	183,797
40,000	6.28% due May 26, 2028	35,490	50,074	123,000	Westcoast Energy Inc. 3.28% due Jan. 15, 2016	122,893	124,924
65,000	7.34% due Jul. 18, 2028	67,506	88,649	81,000	4.57% due Jul. 2, 2020	86,749	89,089
50,000	6.50% due Dec. 9, 2030	57,417	63,109	231,000	3.43% due Sep. 12, 2024	230,903	234,429
120,000	8.23% due Jan. 16, 2031	140,932	173,974	50,000	7.15% due Mar. 20, 2031	50,325	68,995
50,000	8.05% due Feb. 17, 2039	68,023	77,245	50,000	4.79% due Oct. 28, 2041	55,109	55,467
180,000	4.55% due Nov. 15, 2041	180,656	191,810	43,000	WestJet Airlines Ltd. 3.29% due Jul. 23, 2019	43,000	43,263
109,000	TransCanada PipeLines Ltd. (callable) 3.69% due Jul. 19, 2023-(Apr. 19, 2023)	108,991	114,856	20,000	Wilfrid Laurier University 5.43% due Feb. 1, 2045	20,000	25,698
65,000	TransLink 4.65% due Jun. 20, 2041	64,938	77,300	18,629	Winnipeg Airports Authority Inc. 5.21% due Sep. 28, 2040	18,629	20,831
54,000	4.45% due Jun. 9, 2044	53,875	62,910				
159,000	3.85% due Feb. 9, 2052	158,141	169,455				
59,806	Trillium Windpower, LP 5.80% due Feb. 15, 2033	59,806	64,799				

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

Scotia Canadian Bond Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)			
100,000	York University 6.48% due Mar. 7, 2042	99,972	145,936
30,000	York University (callable) 4.46% due Feb. 26, 2054 (Aug. 26, 2053)	30,000	34,252
31,000	Yukon Development Corporation 5.00% due Jun. 29, 2040	30,790	37,988
		<u>100,352,321</u>	<u>105,933,386</u>
	TOTAL INVESTMENT PORTFOLIO	<u>321,301,826</u>	<u>336,287,297</u>
	OTHER ASSETS, LESS LIABILITIES – 0.7%		<u>2,210,324</u>
	NET ASSETS – 100.0%		<u>338,497,621</u>

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

Scotia Canadian Bond Index Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide a high level of regular interest income and modest capital gains by tracking the performance of a generally recognized Canadian bond index, currently the DEX Universe Bond Index. It invests primarily in bonds and treasury bills issued by Canadian federal, provincial and municipal governments and Canadian corporations as well as money market instruments issued by Canadian corporations, including commercial paper and bankers' acceptances.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$424,472,783	\$650,972,635
Revaluation of Investments at FVTPL	423,139	588,886
Net assets attributable to holders of redeemable units	\$424,895,922	\$651,561,521

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$(12,461,452)
Revaluation of Investments at FVTPL	(165,747)
Increase (decrease) in net assets attributable to holders of redeemable units	\$(12,627,199)

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ 2,952,542	\$ 658,249	\$ 4,926,031
1-3 years	75,906,820	101,031,010	170,975,113
3-5 years	64,042,062	81,721,837	117,027,613
5-10 years	87,297,324	120,359,391	166,842,870
> 10 years	106,088,549	116,718,885	187,914,985
Total	\$336,287,297	\$420,489,372	\$647,686,612

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$6,247,064 or approximately 1.8% (December 31, 2013 – \$7,173,235 or approximately 1.7%, January 1, 2013 – \$11,272,761 or approximately 1.7%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia Canadian Bond Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the investments of this Fund were not subject to significant other price risk as the Fund did not hold any equities or commodities.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
Bond Rating						
AAA	39.9	39.6	40.9	40.5	44.0	43.7
AA	26.5	26.3	26.9	26.5	25.6	25.5
A	27.1	26.9	26.2	26.0	26.4	26.2
BBB	6.4	6.4	6.0	6.0	4.0	4.0
B	0.1	0.1	—	—	—	—
Total	100.0	99.3	100.0	99.0	100.0	99.4

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ —	\$342,781	\$ —	\$338,099	\$ —	\$1,798,876
Unrealized loss on currency forward contracts	—	—	—	—	—	—
Redeemable units	338,497,621	—	424,895,922	—	651,561,521	—
	\$338,497,621	\$342,781	\$424,895,922	\$338,099	\$651,561,521	\$1,798,876

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Federal Bonds	34.8	35.7	40.7
Provincial Bonds	30.8	28.4	28.9
Municipal Bonds	2.4	2.3	1.6
Corporate Bonds	31.2	32.6	28.2
Money Market Instruments	0.1	0.2	0.2

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ —	\$336,287,297	\$ —	\$336,287,297

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

Scotia Canadian Bond Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$420,489,373	\$ –	\$420,489,373
Money Market Instruments	–	1,200,033	–	1,200,033
	\$ –	\$421,689,406	\$ –	\$421,689,406

January 1, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$647,686,612	\$ –	\$647,686,612
Money Market Instruments	–	1,000,027	–	1,000,027
	\$ –	\$648,686,639	\$ –	\$648,686,639

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	11.67	11.67	11.12	11.12
Series F	11.72	11.72	11.16	11.16

Scotia Canadian Index Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$257,879,732	\$252,604,354	\$266,663,615
Cash	269,764	408,928	238,890
Accrued investment income	592,459	600,080	786,723
Subscriptions receivable	442,548	154,106	174,142
	<u>259,184,503</u>	<u>253,767,468</u>	<u>267,863,370</u>
LIABILITIES			
Current liabilities			
Distributions payable	1,402	1,416	1,070
Redemptions payable	107,856	261,160	249,685
	<u>109,258</u>	<u>262,576</u>	<u>250,755</u>
Net Assets attributable to holders of redeemable units	<u>\$259,075,245</u>	<u>\$253,504,892</u>	<u>\$267,612,615</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$258,832,417	\$253,295,698	\$247,451,602
Series D Units*	\$ 1,218	\$ —	\$ —
Series F Units	\$ 241,610	\$ 209,194	\$ 119,971
Series I Units	\$ —	\$ —	\$ 20,041,042
UNITS OUTSTANDING			
Series A Units	10,173,681	10,734,976	11,499,076
Series D Units*	120	—	—
Series F Units	9,544	8,920	5,601
Series I Units	—	—	949,338
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 25.44	\$ 23.60	\$ 21.52
Series D Units*	\$ 10.15	\$ —	\$ —
Series F Units	\$ 25.31	\$ 23.45	\$ 21.42
Series I Units	\$ —	\$ —	\$ 21.11

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 7,164,249	\$ 7,733,103
Interest for distribution purposes	181,712	148,480
Capital gains distributions received	45,622	42,246
Net realized gain (loss) on non-derivative financial assets	10,128,135	11,623,073
Net gain (loss) foreign exchange	—	(77)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	8,707,764	11,380,071
Net gain (loss) on investments	<u>26,227,482</u>	<u>30,926,896</u>
Securities lending	39,441	88,295
Other income	6,367	7,523
Total income (loss)	<u>26,273,290</u>	<u>31,022,714</u>
EXPENSES		
Management fees (note 5)	2,102,062	1,968,694
Administration fees (note 6)	94,909	—
Harmonized Sales Tax/Goods and Services Tax	258,440	244,368
Audit fees	5,739	8,830
Independent Review Committee fees	546	482
Custodian fees	11,126	6,858
Filing fees	11,519	19,069
Legal fees	850	1,353
Unitholder reporting costs	21,445	27,739
Unitholder administration and service fees	101,074	172,484
Overdraft charges	1,475	3,710
Foreign withholding taxes/tax reclaims	208	—
Transaction costs	8,999	25,590
Total expenses	<u>2,618,392</u>	<u>2,479,177</u>
Absorbed expenses	<u>(1,588)</u>	<u>(2,351)</u>
Net expenses	<u>2,616,804</u>	<u>2,476,826</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$23,656,486</u>	<u>\$28,545,888</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$23,625,229	\$27,505,309
Series D Units*	\$ 18	\$ —
Series F Units	\$ 31,239	\$ 21,439
Series I Units	\$ —	\$ 1,019,082
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 2.30	\$ 2.50
Series D Units*	\$ 0.15	\$ —
Series F Units	\$ 2.74	\$ 2.95
Series I Units	\$ —	\$ 1.16
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	10,271,733	10,988,258
Series D Units*	120	—
Series F Units	11,386	7,276
Series I Units	—	879,403

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

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

Scotia Canadian Index Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$253,295,698	\$247,451,602
Series D Units*	–	–
Series F Units	209,194	119,971
Series I Units	–	20,041,042
	<u>253,504,892</u>	<u>267,612,615</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	23,625,229	27,505,309
Series D Units*	18	–
Series F Units	31,239	21,497
Series I Units	–	1,019,082
	<u>23,656,486</u>	<u>28,545,888</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(3,861,549)	(4,865,238)
Series F Units	(4,098)	(4,930)
	<u>(3,865,647)</u>	<u>(4,870,168)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	29,496,967	27,732,975
Series D Units*	1,200	–
Series F Units	165,093	67,726
Series I Units	–	1,500
Reinvested distributions		
Series A Units	3,811,814	4,834,561
Series F Units	4,014	4,930
Payments on redemption		
Series A Units	(47,535,742)	(49,363,510)
Series F Units	(163,832)	–
Series I Units	–	(21,061,625)
	<u>(14,220,486)</u>	<u>(37,783,443)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	5,536,719	5,844,097
Series D Units*	1,218	–
Series F Units	32,416	89,223
Series I Units	–	(20,041,043)
	<u>5,570,353</u>	<u>(14,107,723)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	258,832,417	253,295,698
Series D Units*	1,218	–
Series F Units	241,610	209,194
	<u>\$259,075,245</u>	<u>\$253,504,892</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 23,656,486	\$ 28,545,888
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(10,128,135)	(11,623,073)
Net realized (gain) loss foreign exchange on cash	–	77
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(8,707,764)	(11,380,071)
Purchases of non-derivative financial assets	(16,353,338)	(11,148,673)
Proceeds from sale of non-derivative financial assets	29,904,860	48,185,489
Transaction costs	8,999	25,590
Accrued investment income	7,621	186,643
Net cash provided by (used in) operating activities	<u>18,388,729</u>	<u>42,791,870</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	29,374,818	27,822,236
Amounts paid on redemption of redeemable units	(47,852,878)	(70,413,660)
Distributions to unitholders of redeemable units	(49,833)	(30,331)
Net cash provided by (used in) financing activities	<u>(18,527,893)</u>	<u>(42,621,755)</u>
Net realized (gain) loss foreign exchange on cash	–	(77)
Net increase (decrease) in cash	(139,164)	170,115
Cash (Bank Indebtedness) at beginning of period	408,928	238,890
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 269,764</u>	<u>\$ 408,928</u>
Interest received(1)	181,557	148,527
Dividends received, net of withholding taxes(1)	7,171,817	7,919,699

(1) Classified as operating items.

Scotia Canadian Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 99.5%				EQUITIES (cont'd)			
Energy – 21.8%				Materials – 10.5%			
22,743	Advantage Oil & Gas Ltd.	312,332	126,451	30,028	Agnico-Eagle Mines Limited	1,055,565	868,410
18,800	AltaGas Ltd.	542,116	814,792	20,263	Agrium Inc.	782,377	2,228,930
45,015	ARC Resources Ltd.	1,072,131	1,132,577	31,282	Alacer Gold Corporation	264,846	72,887
48,559	Athabasca Oil Sands Corporation	680,100	125,768	19,000	Alamos Gold Inc.	184,457	157,700
37,300	Bankers Petroleum Ltd.	319,326	121,598	36,329	AuRico Gold Inc.	332,568	139,867
23,422	Baytex Energy Corporation	703,183	452,513	129,300	B2Gold Corporation	408,266	245,670
26,300	Bellatrix Exploration Ltd.	202,431	111,249	164,105	Barrick Gold Corporation	5,269,106	2,054,595
15,300	Birchcliff Energy Ltd.	174,983	119,646	27,300	Canexus Corp.	183,063	88,998
26,400	Bonavista Energy Corporation	718,220	192,720	10,783	Canfor Corporation	105,705	319,608
4,000	Bonterra Energy Corp.	230,450	166,600	48,800	Capstone Mining Corp.	191,534	99,064
9,860	Calfrac Well Services Ltd.	112,313	98,699	3,700	CCL Industries Inc., Class B	59,005	465,719
55,604	Cameco Corporation	828,266	1,059,256	22,313	Centerra Gold Inc.	237,459	134,771
153,925	Canadian Natural Resources Ltd.	2,680,142	5,528,986	8,900	Chemtrade Logistics Income Fund	191,292	184,230
68,919	Canadian Oil Sands Ltd.	1,981,661	718,136	33,630	China Gold International Resources Corp., Ltd.	176,113	69,278
8,500	Canyon Services Group Inc.	151,687	76,415	22,439	Detour Gold Corporation	390,535	212,946
107,281	Cenovus Energy Inc.	1,853,817	2,571,526	11,880	Dominion Diamond Corporation	159,853	247,936
62,585	Crescent Point Energy Corp.	2,190,556	1,684,162	101,228	Eldorado Gold Corporation	919,673	716,694
17,400	Crew Energy Inc.	228,842	103,008	17,300	First Majestic Silver Corp.	264,686	100,859
119,784	Enbridge Inc.	1,917,224	7,155,896	85,249	First Quantum Minerals Ltd.	1,070,933	1,407,461
7,904	Enbridge Income Fund Holdings Inc.	201,834	318,926	17,300	Fortuna Silver Mines Inc.	102,010	91,344
104,288	EnCana Corporation	1,891,868	1,686,337	22,119	Franco-Nevada Corporation	745,911	1,265,428
10,965	Enerflex Ltd.	72,745	179,716	114,644	Goldcorp, Inc.	2,756,924	2,465,992
29,130	Enerplus Corp.	1,322,696	325,965	32,200	HudBay Minerals, Inc.	372,865	325,864
19,000	Ensign Resource Service, Inc.	130,028	193,800	55,832	IAMGOLD Corporation	482,513	175,312
8,100	Freehold Royalties Ltd.	165,117	154,872	9,200	Interfor Corporation	148,995	201,940
17,400	Gibson Energy Inc.	377,601	473,106	7,500	Intertape Polymer Group Inc.	111,323	139,575
38,900	Gran Tierra Energy, Inc.	274,362	173,494	161,906	Kinross Gold Corporation	1,720,380	527,814
41,965	Husky Energy Inc.	738,183	1,154,038	9,200	Labrador Iron Ore Royalty Corp	120,203	171,120
35,801	Imperial Oil Ltd.	935,836	1,791,840	88,006	Lundin Mining Corporation	602,361	503,394
46,000	Inter Pipeline Ltd.	493,086	1,653,240	11,300	Major Drilling Group International Inc.	147,667	64,523
13,800	Kelt Exploration Ltd.	168,585	96,600	13,400	Methanex Corporation	191,089	715,158
11,920	Keyera Corp.	314,351	966,354	27,922	Newsun Resources Ltd.	141,051	125,091
25,193	Legacy Oil & Gas Inc.	320,891	54,417	72,798	New Gold Inc.	424,351	362,534
28,602	Lightstream Resources Ltd.	564,607	34,036	3,900	Norbord Inc.	130,686	100,737
22,100	MEG Engery Corporation	1,024,514	432,055	33,700	NovaGold Resources Inc.	250,480	114,917
13,300	Mullen Group Limited	295,759	283,423	43,035	OceanGold Corporation	154,558	86,931
18,500	NuVista Energy Ltd.	129,556	137,085	6,414	Osisko Gold Royalties Ltd.	101,469	105,061
35,740	Pacific Rubiales Energy Corporation	496,434	256,971	21,657	Pan American Silver Corporation	364,532	232,163
12,900	Painted Pony Petroleum Ltd.	167,915	119,325	117,022	Potash Corporation of Saskatchewan Inc.	2,283,371	4,806,094
7,800	Paramount Resources Ltd.	273,747	219,336	14,500	Pretium Resources Inc.	196,075	97,295
15,900	Parex Resources Inc.	202,081	120,522	23,100	Primero Mining Corp	191,912	103,257
11,000	Parkland Fuel Corporation	138,122	239,140	39,961	SEMAFO Inc.	190,822	119,084
9,400	Pason Systems Inc.	107,051	205,766	42,759	Sheritt International Corporation	390,679	128,277
47,337	Pembina Pipeline Corporation	974,347	2,004,249	11,700	Silver Standard Resources Inc.	267,246	68,211
75,012	Pengrowth Energy Corp.	1,109,971	274,544	51,137	Silver Wheaton Corporation	718,747	1,208,367
69,643	Penn West Petroleum Ltd.	2,225,028	169,232	11,700	Tahoe Resources Inc.	208,175	188,955
21,700	Peyto Exploration & Development Corporation	458,406	726,299	66,387	Teck Resources Ltd., Class B	1,272,538	1,054,226
18,300	PrairieSky Royalty Ltd.	591,827	559,980	114,500	Torex Gold Resources Inc.	225,400	140,835
42,000	Precision Drilling Corporation	606,931	296,520	138,174	Turquoise Hill Resources Ltd.	685,518	496,045
21,000	Raging River Exploration Inc.	134,852	154,140	9,726	West Fraser Timber Co., Ltd.	219,704	646,487
17,400	RMP Energy Inc.	165,258	79,692	124,422	Yamana Gold Inc.	1,257,973	583,539
14,100	Secure Energy Services Inc.	161,709	239,277			29,424,564	27,231,193
8,700	ShawCor Ltd.	149,464	368,880	Industrials – 8.7%			
204,796	Suncor Energy, Inc.	4,131,907	7,556,972	8,100	Aecon Group Inc.	154,603	86,751
31,500	Surge Energy, Inc.	221,240	115,920	41,300	Air Canada	136,001	490,231
135,529	Talisman Energy Inc.	1,382,504	1,233,314	10,100	ATS Automation Tooling Systems Inc.	138,501	156,550
9,300	Total Cda Oil & Gas	140,953	71,610	5,400	Badger Daylighting Ltd.	154,723	142,830
23,700	Tourmaline Oil Corp.	761,045	917,190	5,222	Black Diamond Group Ltd.	116,356	66,528
99,932	TransCanada Corporation	2,902,991	5,706,117	208,554	Bombardier Inc., Class B	2,037,191	865,499
21,700	Trican Well Service Ltd.	162,527	120,869	37,800	CAE, Inc.	260,653	570,024
9,722	Trilogy Energy Corporation	220,981	76,901	25,400	Canadian Energy Services & Technology Corporation	156,889	161,290
20,600	Trinidad Drilling Ltd.	249,195	107,120	114,948	Canadian National Railway Company	2,043,186	9,198,139
39,500	Veresen Inc.	532,379	725,220	22,064	Canadian Pacific Railway Limited	866,750	4,936,820
15,300	Vermilion Energy, Inc.	566,465	872,100	24,300	Finnish International Inc.	296,314	613,089
34,532	Whitecap Resources, Inc.	384,914	395,046	7,200	Newalta Corp.	139,422	127,008
		45,941,643	56,401,554	16,257	Progressive Waste Solutions Ltd.	350,621	567,857

For equities, all common shares unless otherwise noted.

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

Scotia Canadian Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Industrials (cont'd)				Financials (cont'd)			
15,500	Ritchie Bros. Auctioneers Incorporated	328,335	483,910	91,567	Bank of Montreal	3,967,204	7,524,976
8,800	Russel Metals Inc.	115,712	227,920	171,709	Bank of Nova Scotia, The	6,356,567	11,386,022
21,545	SNC-Lavalin Group Inc.	405,012	954,659	5,500	Boardwalk Real Estate Investment Trust	83,826	338,470
13,500	Stantec Inc.	176,004	431,055	80,713	Brookfield Asset Management Inc., Class A	1,330,313	4,699,111
17,600	Superior Plus Corporation	311,306	211,024	28,200	Brookfield Property Partners LP	588,078	745,890
11,065	Toromont Industries Ltd.	117,244	315,463	14,749	Calloway Real Estate Investment Trust	271,005	402,648
8,900	Transcontinental Inc., Class A	92,191	147,384	13,200	Canaccord Financial Inc.	161,659	103,092
12,083	TransForce, Inc.	194,162	357,536	16,100	Canadian Apartment Properties Real Estate Investment Trust	220,586	404,593
2,598	Wajax Corporation	122,864	79,940	56,048	Canadian Imperial Bank of Commerce	2,995,368	5,595,832
55,300	Western Forest Products Inc.	133,234	149,310	9,900	Canadian Real Estate Investment Trust	213,859	453,321
18,000	WestJet Airlines Ltd.	235,657	600,480	11,600	Canadian Western Bank	163,840	379,900
8,504	Westshore Terminals Investment Corp.	114,145	268,982	24,600	Chartwell Seniors Housing Real Estate Investment Trust	202,890	292,986
8,000	WSP Global Inc.	218,564	278,880	32,500	CI Financial Corporation	726,700	1,049,425
		<u>9,415,640</u>	<u>22,489,159</u>	20,700	Cominar Real Estate Investment Trust	377,158	385,227
Consumer Discretionary – 6.3%				10,600	Crombie Real Estate Investment Trust	138,388	136,952
24,437	Aimia Inc.	400,754	357,025	11,600	Davis + Henderson Income Corporation	235,384	425,372
14,500	Amaya Gaming Group, Inc.	479,081	413,975	15,600	Dream Global Real Estate Investment Trust	154,788	133,692
2,800	AutoCanada Inc.	228,945	124,600	7,062	Dream Unlimited Corp.	52,875	68,431
5,300	BRP Inc.	158,210	128,313	5,362	Dundee Corporation, Class A	73,936	68,687
10,460	Canadian Tire Corporation, Limited, Class A	382,314	1,283,860	15,500	Dundee Real Estate Investment Trust	420,170	389,825
8,900	Cineplex, Inc.	145,180	398,987	37,100	Element Financial Corp.	430,982	524,594
3,290	Cogeco Cable Inc.	114,822	235,696	2,942	Fairfax Financial Holdings Limited	881,569	1,791,031
10,700	Corus Entertainment Inc., Class B	213,959	245,565	13,700	First Capital Realty, Inc.	214,085	255,642
15,800	DHX Media Limited Common Voting Shares	154,794	153,418	4,163	FirstService Corporation	109,409	246,783
17,000	Dollarama Inc.	279,605	1,009,800	5,997	Genworth MI Canada Inc.	158,273	221,769
3,800	Dorel Industries Inc., Class B	100,997	152,076	6,600	Granite Real Estate Investment Trust	231,532	272,316
11,900	EnerCare Inc.	170,238	172,550	41,172	Great-West Lifeco Inc.	805,344	1,382,967
16,348	Gildan Activewear Inc.	306,100	1,074,064	38,499	H&R Real Estate Investment Trust	704,894	836,583
6,300	Great Canadian Gaming Corporation	127,915	130,095	9,300	Home Capital Group Inc.	158,265	446,307
16,200	Hudson's Bay Company	297,641	397,872	13,536	IGM Financial, Inc.	354,636	626,852
6,300	Linamar Corporation	116,054	446,985	14,300	Industrial Alliance Insurance and Financial Services Inc.	342,106	635,349
29,216	Magna International Inc.	1,054,389	3,678,002	18,692	Intact Financial Corporation	733,821	1,567,324
12,473	Martina International Inc.	112,783	129,345	4,200	Laurentian Bank of Canada	110,597	209,874
12,200	Quebecor Inc., Class B	195,559	389,668	262,938	Manulife Financial Corporation	5,522,976	5,831,965
30,034	Restaurant Brands International Inc.	1,238,575	1,366,547	46,634	National Bank of Canada	835,638	2,305,585
14,390	RONA Inc.	200,797	199,302	4,580	Northern Property Real Estate Investment Trust	147,262	108,867
54,926	Shaw Communications, Inc., Class B	930,045	1,721,930	12,300	Onex Corporation	227,307	829,758
48,480	Thomson Reuters Corporation	1,873,611	2,272,258	51,653	Power Corporation of Canada	1,003,403	1,640,499
		<u>9,282,368</u>	<u>16,481,933</u>	34,216	Power Financial Corporation	630,420	1,237,935
Consumer Staples – 3.7%				43,336	RioCan Real Estate Investment Trust	805,990	1,145,370
59,800	Alimentation Couche-Tard Inc., Class B	245,236	2,911,662	203,629	Royal Bank of Canada	7,093,176	16,339,191
13,638	Cott Corporation	121,959	109,240	86,781	Sun Life Financial Inc.	2,593,637	3,637,860
7,700	Empire Company Limited, Class A	414,873	674,674	3,400	TMX Group Inc.	124,119	172,040
6,800	George Weston Limited	434,995	682,380	260,614	Toronto-Dominion Bank, The	4,245,307	14,466,683
11,905	Jean Coutu Group (PJC) Inc., The, Class A	148,772	337,031			<u>48,021,434</u>	<u>92,635,648</u>
31,972	Loblaw Companies Limited	1,425,450	1,987,699	Information Technology – 2.3%			
13,200	Maple Leaf Foods Inc.	173,640	257,004	5,200	Avigilon Corporation	164,628	99,736
11,858	Metro Inc., Class A	255,850	1,106,351	21,760	Celestica Inc.	866,398	297,024
7,100	North West Company, Inc.	123,180	186,020	39,393	CGI Group Inc., Class A	601,207	1,744,716
36,592	Saputo Inc.	378,681	1,277,793	2,600	Constellation Software Inc.	371,809	898,144
		<u>3,722,636</u>	<u>9,529,854</u>	11,100	Descartes Systems Group Inc., The	157,627	191,475
Health Care – 3.5%				5,073	MacDonald, Dettwiler and Associates Ltd.	176,570	481,681
29,436	Catamaran Corporation	765,763	1,769,692	17,300	Open Text Corporation	248,366	1,169,653
12,300	Extencare Inc. Cda Com	125,425	80,196	67,768	Research In Motion Limited	2,393,102	863,364
43,785	Valeant Pharmaceuticals International, Inc.	2,114,060	7,282,759	4,500	Sierra Wireless Inc.	221,513	248,400
		<u>3,005,248</u>	<u>9,132,647</u>			<u>5,201,220</u>	<u>5,994,193</u>
Financials – 35.8%				Telecommunication Services – 4.8%			
9,800	AGF Management Limited, Class B	201,871	83,202	118,458	BCE Inc.	4,054,827	6,311,442
4,700	Alaris Royalty Corp.	161,548	166,192	11,300	Manitoba Telecom Services Inc.	346,064	306,117
10,699	Allied Properties Real Estate Investment Trust	245,578	400,571	51,813	Rogers Communications, Inc., Class B	1,212,695	2,340,393
18,906	Artis Real Estate Investment Trust	213,095	268,087	86,222	TELUS Corporation	1,528,808	3,611,840
						<u>7,142,394</u>	<u>12,569,792</u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Canadian Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)			
Utilities – 2.1%			
22,876	Algonquin Power & Utilities Corp.	152,601	220,525
11,000	ATCO Ltd., Class I	145,374	524,260
14,600	Brookfield Renew Energy Partners LP	469,412	524,140
17,100	Canadian Utilities Limited, Class A	256,199	699,561
11,500	Capital Power Corporation	287,936	299,000
20,200	Emera Inc.	411,606	780,528
39,000	Fortis, Inc.	965,535	1,519,440
12,100	Innervex Renewable Energy Inc.	126,205	137,456
14,095	Just Energy Group, Inc.	234,854	85,698
13,700	Northland Power Inc.	194,340	209,473
39,323	TransAlta Corporation	802,945	413,678
		<u>4,047,007</u>	<u>5,413,759</u>
	TOTAL INVESTMENT PORTFOLIO	<u>165,204,154</u>	<u>257,879,732</u>
	OTHER ASSETS, LESS LIABILITIES – 0.5%		<u>1,195,513</u>
	NET ASSETS – 100.0%		<u><u>259,075,245</u></u>

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia Canadian Index Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth by tracking the performance of a generally recognized Canadian equity index, currently the S&P/TSX Composite Index. It invests primarily in stocks that are included in the Index.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$253,238,422	\$267,072,030
Revaluation of Investments at FVTPL	266,470	540,584
Net assets attributable to holders of redeemable units	\$253,504,892	\$267,612,614

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$28,820,003
Revaluation of Investments at FVTPL	(274,115)
Increase (decrease) in net assets attributable to holders of redeemable units	\$28,545,888

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The Fund did not have significant currency risk exposure as at December 31, 2014, December 31, 2013 and January 1, 2013.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.5% (December 31, 2013 – 99.6%, January 1, 2013 – 99.6%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$25,787,973 (December 31, 2013 – \$25,233,788, January 1, 2013 – \$26,612,303). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

Scotia Canadian Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$109,258	\$ –	\$262,576	\$ –	\$250,755
Redeemable units	259,075,245	–	253,504,892	–	267,612,615	–
	\$259,075,245	\$109,258	\$253,504,892	\$262,576	\$267,612,615	\$250,755

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	21.8	24.6	25.2
Materials	10.5	11.8	18.5
Industrials	8.7	7.9	6.1
Consumer Discretionary	6.3	5.5	4.6
Consumer Staples	3.7	3.1	2.7
Health Care	3.5	3.0	1.9
Financials	35.8	35.3	32.3
Information Technology	2.3	1.8	1.3
Telecommunication Services	4.8	4.9	5.1
Utilities	2.1	1.7	1.9

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$257,879,732	\$ –	\$ –	\$257,879,732

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$252,542,667	\$ –	\$ –	\$252,542,667
Rights	–	61,687	–	61,687
	\$252,542,667	\$61,687	\$ –	\$252,604,354

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$266,663,615	\$ –	\$ –	\$266,663,615

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Scotia Canadian Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	25.44	25.44	22.60	23.60
Series D	10.15	10.15	—	—
Series F	25.31	25.31	23.45	23.45

Scotia U.S. Index Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$108,341,938	\$80,917,534	\$54,368,202
Cash	210,555	236,878	193,267
Accrued investment income	123,602	93,134	51,331
Receivable for securities sold	29,303	—	6,030
Subscriptions receivable	318,640	183,992	86,633
	<u>109,024,038</u>	<u>81,431,538</u>	<u>54,705,463</u>
LIABILITIES			
Current liabilities			
Distributions payable	297	241	187
Redemptions payable	72,578	40,241	22,399
Unrealized loss on currency spot contracts	123	—	—
	<u>72,998</u>	<u>40,482</u>	<u>22,586</u>
Net Assets attributable to holders of redeemable units	<u>\$108,951,040</u>	<u>\$81,391,056</u>	<u>\$54,682,877</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$108,929,809	\$81,370,376	\$47,417,278
Series F Units	\$ 21,231	\$ 20,680	\$ —
Series I Units	\$ —	\$ —	\$ 7,265,599
UNITS OUTSTANDING			
Series A Units	5,045,573	4,581,295	3,692,947
Series F Units	988	1,171	—
Series I Units	—	—	563,835
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 21.59	\$ 17.76	\$ 12.84
Series F Units	\$ 21.50	\$ 17.66	\$ —
Series I Units	\$ —	\$ —	\$ 12.89

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 2,094,539	\$ 1,525,074
Interest for distribution purposes	2,454	3,621
Net realized gain (loss) on non-derivative financial assets	901,067	(308,504)
Net gain (loss) foreign exchange	14,398	(2,179)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	17,552,315	22,396,888
Change in unrealized appreciation (depreciation) of currency spots	(123)	—
Net gain (loss) on investments	<u>20,564,650</u>	<u>23,614,900</u>
Securities lending	622	394
Other income	6,034	3,357
Total income (loss)	<u>20,571,306</u>	<u>23,618,651</u>
EXPENSES		
Management fees (note 5)	748,333	519,808
Administration fees (note 6)	61,874	—
Harmonized Sales Tax/Goods and Services Tax	97,993	69,451
Audit fees	1,967	2,702
Independent Review Committee fees	189	119
Custodian fees	12,815	6,447
Filing fees	10,330	16,451
Legal fees	287	338
Unitholder reporting costs	12,858	16,310
Unitholder administration and service fees	47,935	76,787
Overdraft charges	191	425
Foreign withholding taxes/tax reclaims	279,431	216,604
Transaction costs	2,268	4,492
Total expenses	<u>1,276,471</u>	<u>929,934</u>
Absorbed expenses	<u>(2,206)</u>	<u>(2,767)</u>
Net expenses	<u>1,274,265</u>	<u>927,167</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$19,297,041</u>	<u>\$22,691,484</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$19,292,030	\$21,184,034
Series F Units	\$ 5,011	\$ 2,571
Series I Units	\$ —	\$ 1,504,879
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 3.99	\$ 5.04
Series F Units	\$ 4.62	\$ 2.23
Series I Units	\$ —	\$ 3.26
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	4,830,010	4,207,233
Series F Units	1,084	1,155
Series I Units	—	461,838

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

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

Scotia U.S. Index Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 81,370,376	\$ 47,417,278
Series F Units	20,680	–
Series I Units	–	7,265,599
	<u>81,391,056</u>	<u>54,682,877</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	19,292,030	21,184,034
Series F Units	5,011	2,571
Series I Units	–	1,504,879
	<u>19,297,041</u>	<u>22,691,484</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(805,121)	(620,864)
Series F Units	(198)	(292)
	<u>(805,319)</u>	<u>(621,156)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	24,530,319	23,526,195
Series F Units	17,108	18,109
Reinvested distributions		
Series A Units	789,427	619,690
Series F Units	198	292
Payments on redemption		
Series A Units	(16,247,222)	(10,755,957)
Series F Units	(21,568)	–
Series I Units	–	(8,770,478)
	<u>9,068,262</u>	<u>4,637,851</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	27,559,433	33,953,098
Series F Units	551	20,680
Series I Units	–	(7,265,599)
	<u>27,559,984</u>	<u>26,708,179</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	108,929,809	81,370,376
Series F Units	21,231	20,680
	<u>\$108,951,040</u>	<u>\$ 81,391,056</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 19,297,041	\$ 22,691,484
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(901,067)	308,504
Net realized (gain) loss foreign exchange on cash	(14,398)	2,179
Change in unrealized (appreciation) depreciation on sale of non- derivative financial assets	(17,552,315)	(22,396,888)
Change in unrealized (appreciation) depreciation of currency spot contracts	123	–
Purchases of non-derivative financial assets	(12,410,876)	(12,586,396)
Proceeds from sale of non-derivative financial assets	3,408,283	8,126,986
Transaction costs	2,268	4,492
Accrued investment income	(30,468)	(41,803)
Net cash provided by (used in) operating activities	<u>(8,201,409)</u>	<u>(3,891,442)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	24,412,779	23,446,945
Amounts paid on redemption of redeemable units	(16,236,453)	(19,508,593)
Distributions to unitholders of redeemable units	(15,638)	(1,119)
Net cash provided by (used in) financing activities	<u>8,160,688</u>	<u>3,937,232</u>
Net realized (gain) loss foreign exchange on cash	14,398	(2,179)
Net increase (decrease) in cash	(40,721)	45,790
Cash (Bank Indebtedness) at beginning of period	<u>236,878</u>	<u>193,267</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 210,555</u>	<u>\$ 236,878</u>
Interest received(1)	2,329	3,512
Dividends received, net of withholding taxes(1)	<u>1,784,765</u>	<u>1,266,776</u>

(1) Classified as operating items.

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

Scotia U.S. Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES – 99.4%				EQUITIES (cont'd)			
Energy – 8.3%				Materials (cont'd)			
2,603	Anadarko Petroleum Corporation	151,042	249,214	2,448	Newmont Mining Corporation	95,663	53,650
1,933	Apache Corporation	125,873	140,584	1,626	Nucor Corporation	79,788	92,556
2,202	Baker Hughes Incorporated	108,570	143,282	814	Owens-Illinois, Inc.	26,414	25,496
2,117	Cabot Oil & Gas Corporation	44,869	72,745	700	PPG Industries, Inc.	62,617	187,734
1,028	Cameron International Corporation	50,980	59,590	1,479	Praxair, Inc.	98,725	222,442
2,642	Chesapeake Energy Corporation	81,059	60,002	1,094	Sealed Air Corporation	39,750	53,849
9,657	Chevron Corporation	819,606	1,257,192	428	Sherwin-Williams Company, The	35,019	130,692
436	Cimarex Energy Co.	66,251	53,634	601	Sigma-Aldrich Corporation	34,124	95,730
6,313	ConocoPhillips	299,583	505,948	679	Vulcan Materials Company	41,989	51,794
1,191	CONSOL Energy Inc.	59,016	46,731			2,227,523	3,402,052
1,801	Denbury Resources Inc.	34,123	17,023	Industrials – 10.4%			
1,938	Devon Energy Corporation	114,928	137,664	3,283	3M Co.	291,705	626,159
300	Diamond Offshore Drilling, Inc.	26,443	12,781	504	Allegion Public Limited Company	24,208	32,438
1,145	Enscio PLC	63,891	39,797	1,259	Ametek Inc.	61,143	76,896
2,781	EOG Resources, Inc.	122,859	297,141	505	Avery Dennison Corporation	32,632	30,404
747	EQT Corporation	40,341	65,611	3,396	Boeing Company, The	269,275	512,139
21,660	Exxon Mobil Corporation	1,605,495	2,323,479	754	C.H. Robinson Worldwide, Inc.	46,414	65,530
1,160	FMC Technologies, Inc.	38,116	63,055	3,104	Caterpillar Inc.	181,064	329,600
4,352	Halliburton Company	146,613	198,534	517	Cintas Corporation	23,751	47,062
546	Heilemich & Payne, Inc.	28,921	42,719	5,115	CSX Corporation	79,388	215,059
1,309	Hess Corporation	76,665	112,139	865	Cummins Inc.	66,219	144,722
8,719	Kinder Morgan Inc/Delaware	367,068	428,108	3,141	Danaher Corporation	139,041	312,423
3,404	Marathon Oil Corporation	71,076	111,755	1,809	Deere & Company	87,466	185,728
1,428	Marathon Petroleum Corporation	47,472	149,545	4,310	Delta Air Lines, Inc.	109,111	245,961
864	Murphy Oil Corporation	48,946	50,655	854	Dover Corporation	42,602	71,079
1,507	Nabors Industries Ltd.	41,107	22,700	189	Dun & Bradstreet Corporation, The	18,406	26,531
2,183	National-Oilwell Varco Inc.	123,029	166,011	2,443	Eaton Corporation	115,870	192,630
713	Newfield Exploration Company	41,323	22,440	3,548	Emerson Electric Co.	166,354	254,108
1,259	Noble Corporation	46,102	24,210	620	Equifax Inc.	27,949	58,197
1,792	Noble Energy, Inc.	80,891	98,636	995	Expeditors International of Washington, Inc.	45,297	51,511
3,937	Occidental Petroleum Corporation	234,820	368,229	1,381	Fastenal Company	42,047	76,222
2,829	Phillips 66 Company	91,483	235,394	1,349	FedEx Corp.	113,760	271,866
771	Pioneer Natural Resources Company	74,841	133,182	705	Flowserve Corporation	26,853	48,950
850	QEP Resources Inc.	25,861	19,945	772	Fluor Corporation	33,491	54,319
860	Range Resources Corporation	51,335	53,345	1,614	General Dynamics Corporation	105,555	257,815
6,587	Schlumberger Limited	428,968	652,890	51,387	General Electric Company	1,797,998	1,506,962
1,765	Southwestern Energy Company	77,331	55,897	4,015	Honeywell International Inc.	278,055	465,660
3,425	Spectra Energy Corporation	106,628	144,282	1,835	Illinois Tool Works Inc.	102,817	201,665
660	Tesoro Corporation	35,428	56,947	1,358	Ingersoll-Rand PLC	61,600	99,900
1,698	Transocean Ltd.	85,966	36,120	911	Iron Mountain Incorporated	25,682	40,872
2,683	Valero Energy Corporation	88,298	154,124	709	Jacobs Engineering Group, Inc.	46,238	36,750
3,464	Williams Companies Inc., The	123,694	180,657	510	Joy Global Inc.	40,736	27,533
		6,396,911	9,063,937	551	Kansas City Southern	63,063	78,030
Materials – 3.1%				443	L-3 Communications Holdings, Inc.	42,943	64,864
970	Air Products and Chemicals, Inc.	76,361	162,301	1,365	Lockheed Martin Corporation	119,109	305,086
324	Airgas, Inc.	18,964	43,308	1,841	Masco Corporation	56,067	53,839
5,988	Alcoa Inc.	132,970	109,726	1,673	Nielsen Holdings N.V.	70,147	86,805
583	Allegheny Technologies, Inc.	42,336	23,524	1,562	Norfolk Southern Corporation	78,210	198,690
713	Ball Corporation	25,911	56,406	1,042	Northrop Grumman Corporation	61,945	178,181
255	CF Industries Holdings, Inc.	43,721	80,652	1,782	PACCAR Inc.	56,974	140,686
5,674	Dow Chemical Company, The	218,791	300,162	524	Pall Corporation	18,803	61,531
4,668	E.I. du Pont de Nemours and Company	275,107	400,412	754	Parker-Hannifin Corporation	44,722	112,811
764	Eastman Chemical Company	35,364	67,237	987	Pentair Ltd.	47,727	76,050
1,383	Ecolab Inc.	86,383	167,799	1,014	Pitney Bowes Inc.	48,024	28,648
650	FMC Corporation	24,215	43,019	731	Precision Castparts Corp.	108,594	204,344
5,233	Freeport-McMoRan Copper & Gold Inc.	157,428	141,862	1,125	Quanta Services, Inc.	31,307	37,065
412	International Flavors & Fragrances Inc.	24,644	48,453	1,569	Raytheon Company	94,321	196,985
2,181	International Paper Company	102,839	135,575	1,275	Republic Services, Inc.	41,967	59,555
2,127	LyondellBasell Industries NV, Class A	124,549	195,964	692	Robert Half International, Inc.	28,296	46,903
300	Martin Marietta Materials Inc.	42,244	38,408	682	Rockwell Automation, Inc.	52,645	87,986
822	MeadWestvaco Corporation	26,510	42,369	696	Rockwell Collins, Inc.	30,905	68,235
2,486	Monsanto Company	163,497	344,555	502	Roper Industries, Inc.	39,590	91,067
1,631	Mosaic Company, The	91,600	86,377	270	Ryder System, Inc.	16,867	29,093

For equities, all common shares unless otherwise noted.

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

Scotia U.S. Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Industrials (cont'd)				Consumer Discretionary (cont'd)			
284	Snap-on Incorporated	14,376	45,050	1,360	McGraw-Hill Companies, Inc., The	61,521	140,388
3,480	Southwest Airlines Co.	58,834	170,850	1,028	Michael Kors Holdings Limited	88,097	89,594
811	Stanley Black & Decker Inc.	53,261	90,403	326	Mohawk Industries, Inc.	49,716	58,763
432	Stericycle, Inc.	35,316	65,715	306	Netflix Inc.	68,770	121,310
1,423	Textron Inc.	49,444	69,540	1,413	Newell Rubbermaid Inc.	50,458	62,435
933	The ADT Corporation	34,612	39,212	2,580	News Corporation, Class A	25,040	46,977
2,142	Tyco International Ltd.	84,187	109,026	3,551	NIKE, Inc., Class B	126,558	396,083
4,570	Union Pacific Corporation	182,338	631,802	721	Nordstrom, Inc.	20,411	66,427
3,585	United Parcel Service, Inc., Class B	317,668	462,510	530	O'Reilly Automotive, Inc.	30,906	118,473
524	United Rental, Inc.	66,621	62,075	1,293	Omnicom Group Inc.	68,903	116,268
4,333	United Technologies Corporation	300,357	578,270	509	PetSmart Inc.	33,913	48,020
316	W.W. Grainger, Inc.	47,207	93,472	310	Polo Ralph Lauren Corporation	38,530	66,625
2,235	Waste Management, Inc.	96,880	133,109	268	priceline.com Incorporated	129,213	354,760
917	Xylem, Inc.	26,213	40,497	1,799	PulteGroup Inc.	29,159	44,803
		7,022,267	11,364,676	426	PVH Corporation	52,753	63,364
Consumer Discretionary -- 12.2%				1,069	Ross Stores, Inc.	32,621	116,936
1,945	Amazon.com, Inc.	318,537	700,511	864	Royal Caribbean Cruises Ltd.	76,371	82,650
414	AutoNation, Inc.	19,842	29,014	503	Scripps Networks Interactive	29,052	43,937
165	AutoZone, Inc.	47,504	118,614	3,354	Staples, Inc.	72,131	70,529
948	Bed Bath & Beyond Inc.	36,244	83,798	3,831	Starbucks Corporation	128,651	364,783
1,480	Best Buy Co., Inc.	59,451	66,950	957	Starwood Hotels & Resorts Worldwide, Inc.	52,486	90,036
1,152	BorgWarner, Inc.	44,981	73,435	3,275	Target Corporation	167,620	288,506
1,127	Cablevision Systems Corporation	26,364	26,995	573	Tiffany & Co.	32,543	71,025
1,101	CarMax, Inc.	35,622	85,070	1,442	Time Warner Cable Inc.	191,830	254,463
2,274	Carnival Corporation	102,619	119,624	4,316	Time Warner Inc.	383,349	427,768
2,489	CBS Corporation, Class B	111,291	159,848	3,523	TXU Companies, Inc., The	80,291	280,385
158	Chipotle Mexican Grill, Inc.	50,343	125,458	699	Tractor Supply Company	55,712	63,938
1,436	Coach, Inc.	50,034	62,568	564	TripAdvisor Inc.	27,195	48,866
13,140	Comcast Corporation, Class A	405,191	884,590	9,511	Twenty-First Century Fox Inc.	187,341	423,895
1,646	D.R. Horton, Inc.	58,004	48,308	856	Under Armour Inc.	47,282	67,436
677	Darden Restaurants, Inc.	19,833	46,075	458	Urban Outfitters, Inc.	17,317	18,672
1,507	Delphi Automotive PLC	64,789	127,204	1,748	VF Corporation	43,743	151,938
2,565	DIRECTV	107,682	258,078	1,925	Viacom Inc., Class B	120,788	168,105
710	Discovery Communications, Inc.	27,779	28,385	8,018	Walt Disney Company, The	376,916	876,192
1,329	Discovery Communications, Inc.	11,162	52,006	397	Whirlpool Corporation	40,241	89,234
1,529	Dollar General Corp.	79,172	125,423	644	Wyndham Worldwide Corporation	39,527	64,094
1,056	Dollar Tree, Inc.	48,075	86,250	401	Wynn Resorts Limited	34,327	69,227
513	Expedia, Inc.	17,373	50,818	2,251	Yum! Brands, Inc.	73,515	190,304
493	Family Dollar Stores, Inc.	26,354	45,318			7,338,118	13,269,727
19,603	Ford Motor Company	341,793	352,613	Consumer Staples -- 9.7%			
257	Fossil, Inc.	32,741	33,028	10,082	Altria Group, Inc.	199,899	576,465
622	GameStop Corporation	28,484	24,376	3,248	Archer-Daniels-Midland Company	90,417	196,003
1,150	Gannett Co., Inc.	77,938	42,613	2,085	Avon Products, Inc.	56,617	22,720
1,425	GAP Inc., The	58,713	69,638	814	Brown-Forman Corporation, Class B	36,841	82,959
6,936	General Motors Co.	262,299	280,998	931	Campbell Soup Company	43,639	47,560
775	Genuine Parts Company	40,026	95,861	662	CVS Caremark Corporation	45,478	80,036
1,395	Goodyear Tire & Rubber Company, The	45,874	46,252	20,199	Coca-Cola Company, The	752,878	989,674
1,448	H&R Block, Inc.	32,524	56,596	1,186	Coca-Cola Enterprises Inc.	36,945	60,842
1,074	Harley-Davidson, Inc.	52,622	82,148	4,380	Colgate-Palmolive Company	186,421	351,615
343	Harman International Industries, Incorporated	42,820	42,466	2,134	ConAgra Foods, Inc.	70,012	89,847
580	Hasbro, Inc.	21,535	37,013	849	Constellation Brands, Inc., Class A	43,766	96,684
6,735	Home Depot Inc., The	368,830	820,283	2,248	Costco Wholesale Corporation	176,471	369,797
2,079	Interpublic Group of Companies, Inc., The	90,853	50,111	5,897	Estee Lauder Companies Inc., The	238,167	659,093
3,429	Johnson Controls, Inc.	90,599	192,302	970	Dr. Pepper Snapple Group, Inc.	34,533	80,689
1,053	Kohl's Corporation	65,015	74,591	1,150	Estee Lauder Companies Inc., The	42,704	101,694
677	Leggett & Platt, Incorporated	21,092	33,461	3,137	General Mills, Inc.	112,961	194,092
912	Lennar Corporation, Class A	55,648	47,426	621	Green Mountain Coffee Roasters	78,899	95,413
1,251	Limited Brands, Inc.	38,679	125,601	752	Hershey Company, The	34,555	90,660
5,028	Lowe's Companies, Inc.	138,855	401,446	686	Hormel Foods Corporation	16,454	41,477
1,761	Macy's, Inc.	55,385	134,369	500	J.M. Smucker Company, The	26,055	58,593
1,117	Marriott International Inc., Class A	33,036	101,113	1,274	Kellogg Company	65,084	96,729
1,700	Mattel, Inc.	50,054	61,050	1,910	Kimberly-Clark Corporation	155,056	255,978
4,992	McDonald's Corporation	339,660	542,823	2,999	Kraft Foods Group Inc.	118,333	218,077

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia U.S. Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Consumer Staples (cont'd)				Health Care (cont'd)			
2,528	Kroger Co., The	87,830	188,375	1,519	Stryker Corporation	82,769	166,223
1,835	Lorillard, Inc.	59,288	134,031	509	Tenet Healthcare Corporation	31,782	29,919
664	McCormick & Company, Inc.	29,414	57,242	2,055	Thermo Fisher Scientific, Inc.	138,882	298,842
1,035	Mead Johnson Nutrition Company	59,910	120,742	4,939	UnitedHealth Group Incorporated	190,425	579,417
811	Molson Coors Brewing Company, Class B	41,666	70,117	476	Universal Health Services, Inc., Class B	59,383	61,438
8,623	Mondelez International, Inc.	214,080	363,503	531	Varian Medical Systems, Inc.	30,886	53,294
728	Monster Beverage Corporation	54,159	91,539	1,210	Vertex Pharmaceuticals Incorporated	96,816	166,819
7,649	PepsiCo, Inc.	496,500	839,375	441	Waters Corporation	28,858	57,665
7,932	Philip Morris International Inc.	384,139	749,752	846	Zimmer Holdings, Inc.	47,973	111,354
13,827	Procter & Gamble Company, The	937,053	1,462,048	2,564	Zoetis Inc.	80,779	127,977
1,592	Reynolds American Inc.	52,273	118,712			8,702,513	15,407,621
1,174	Safeway Inc.	67,409	47,848	Financials – 16.1%			
2,953	Sysco Corporation	87,844	136,016	1,701	ACE Limited	112,952	226,774
1,487	Tyson Foods, Inc.	37,421	69,156	291	Affiliated Managers Group, Inc.	63,992	71,642
8,089	Wal-Mart Stores, Inc.	539,531	806,319	2,302	Atlas, Inc.	106,337	163,200
4,484	Walgreens Boots Alliance Inc	201,909	396,519	2,147	Allstate Corporation, The	95,625	175,034
1,808	Whole Foods Markets, Inc.	76,067	105,790	4,578	American Express Company	269,157	494,219
		6,088,678	10,613,781	7,172	American International Group, Inc.	630,557	466,176
Health Care – 14.2%				2,024	American Tower Corporation	105,617	232,242
7,728	Abbott Laboratories	235,298	403,754	949	Ameriprise Financial, Inc.	49,364	145,648
8,165	AbbVie Inc.	289,871	620,074	757	Apartment Investment & Management Company	20,667	32,636
1,360	Actavis Inc.	205,614	406,643	384	Assurant, Inc.	23,759	30,486
1,816	Aetna Inc.	60,376	187,206	660	AvalonBay Communities, Inc.	89,647	125,172
1,706	Agilent Technologies, Inc.	114,250	81,053	53,836	Bank of America Corporation	1,334,633	1,117,706
1,011	Alexion Pharmaceuticals, Inc.	110,356	217,089	5,778	Bank of New York Mellon Corporation, The	242,885	272,036
1,529	Allergan, Inc.	108,182	377,539	3,711	BB&T Corporation	140,874	167,484
1,087	AmerisourceBergen Corporation	36,339	113,702	9,331	Berkshire Hathaway Inc., Class B	865,780	1,625,913
3,897	Amgen Inc.	308,589	720,382	655	BlackRock, Inc.	142,334	271,676
1,404	Anthem, Inc.	87,360	204,832	781	Boston Properties, Inc.	77,804	116,638
2,789	Baxter International Inc.	170,018	237,212	2,853	Capital One Financial Corporation	172,132	273,315
989	Becton, Dickinson and Company	67,364	159,718	1,358	CB Richard Ellis Group, Inc.	32,406	53,976
1,212	Biogen Idec Inc.	148,868	477,803	5,912	Charles Schwab Corporation, The	150,844	207,129
6,857	Boston Scientific Corporation	114,689	105,437	1,212	Chubb Corporation, The	71,862	145,533
8,506	Bristol-Myers Squibb Company	526,965	582,548	719	Cincinnati Financial Corporation	32,189	43,247
384	C. R. Bard, Inc.	30,734	74,235	15,512	Citigroup Inc.	1,345,187	974,338
1,702	Cardinal Health, Inc.	98,283	159,485	1,621	CME Group Inc.	135,707	166,765
1,036	CareFusion Corporation	27,817	71,343	922	Comerica Incorporated	49,163	50,118
4,065	Celgene Corporation	155,091	527,691	2,333	Discover Financial Services	69,841	177,310
1,528	Cerner Corporation	50,374	114,658	1,492	E*Trade Financial Corporation	44,058	41,997
1,332	CIGNA Corporation	60,721	159,076	1,830	Equity Residential Real Estate Investment Trust	92,199	152,620
2,296	Covidien PLC	126,528	272,618	322	Essex Property Trust, Inc.	62,298	77,215
862	Davita, Inc.	27,618	75,766	4,132	Fifth Third Bancorp	131,564	97,702
739	DENTSPLY International Inc.	29,066	45,685	5	First Horizon National Corporation	143	74
555	Edwards Lifesciences Corporation	49,937	82,042	1,986	Franklin Resources, Inc.	75,371	127,614
5,013	Eli Lilly and Company	364,840	401,354	3,209	General Growth Properties, Inc.	75,037	104,757
3,768	Express Scripts, Inc.	165,809	370,241	2,413	Genworth Financial Inc., Class A	62,591	23,802
7,732	Gilead Sciences, Inc.	250,697	845,791	2,088	Goldman Sachs Group, Inc., The	310,062	469,673
872	Hospira, Inc.	35,440	61,982	2,271	Hartford Financial Services Group, Inc., The	96,938	109,873
769	Humana Inc.	41,349	128,179	2,336	HCP, Inc. Real Estate Investment Trust	85,824	119,362
182	Intuitive Surgical, Inc.	61,261	111,718	1,693	Health Care Real Estate Investment Trust, Inc.	93,792	148,670
583	Mallinckrodt PLC	46,035	66,967	3,913	Host Hotels & Resorts Inc.	83,837	108,008
14,321	Johnson & Johnson	1,055,040	1,737,898	2,345	Hudson City Bancorp, Inc.	34,811	27,540
424	Laboratory Corporation of America Holdings	31,266	53,102	4,035	Huntington Bancshares Incorporated	40,234	49,261
1,191	McKesson Corporation	106,534	286,969	575	IntercontinentalExchange Inc.	122,019	146,359
5,050	Medtronic, Inc.	280,710	423,129	2,175	Invesco Limited	57,791	99,752
14,573	Merck & Co., Inc.	814,837	960,428	19,125	JPMorgan Chase & Co.	996,373	1,389,265
1,877	Mylan Inc.	54,526	122,788	4,378	KeyCorp.	67,461	70,621
444	Patterson Companies Inc.	15,572	24,784	2,069	Kimco Realty Corporation	46,774	60,363
529	PerkinElmer, Inc.	14,215	26,846	554	Legg Mason, Inc.	44,371	34,296
728	Perrigo Company PLC	98,171	141,152	1,570	Leucadia National Corporation	50,361	40,849
32,247	Pfizer Inc.	1,043,760	1,165,712	1,350	Lincoln National Corporation	67,339	90,350
735	Quest Diagnostics Incorporated	40,093	57,200	1,547	Loews Corporation	54,776	75,438
382	Regeneron Pharmaceuticals, Inc.	97,630	181,868	727	Macerich Company, The	50,838	70,342
1,444	St. Jude Medical, Inc.	55,867	108,974	661	M&T Bank Corporation	66,245	96,362

For equities, all common shares unless otherwise noted.

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

Scotia U.S. Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
Financials (cont'd)				Information Technology (cont'd)			
2,743	Marsh & McLennan Companies, Inc.	133,833	182,209	521	Harris Corporation	26,054	43,424
5,833	MetLife, Inc.	277,131	366,145	9,499	Hewlett-Packard Company	451,498	442,541
948	Moody's Corporation	19,073	105,405	24,682	Intel Corporation	879,727	1,039,468
7,839	Morgan Stanley	328,021	353,105	4,720	International Business Machines Corporation	716,609	878,817
606	NASDAQ OMX Group, Inc., The	20,286	33,728	1,474	Intuit Inc.	77,020	157,698
2,179	Navient Corporation	39,499	54,646	1,947	Juniper Networks, Inc.	44,170	50,432
1,147	Northern Trust Corporation	82,808	89,715	839	KLA-Tencor Corporation	48,312	68,468
1,607	People's United Financial Inc.	33,123	28,309	823	Lam Research Corporation	34,402	75,777
861	Plum Creek Timber Company, Inc.	38,279	42,780	1,218	Linear Technology Corporation	61,344	64,455
2,694	PNC Financial Services Group, Inc., The	244,263	285,219	5,006	MasterCard, Inc., Class A	175,554	500,687
1,400	Principal Financial Group, Inc.	48,970	84,387	1,039	Microchip Technology Incorporated	42,943	54,392
2,702	Progressive Corporation, The	47,742	84,584	5,427	Micron Technology, Inc.	130,266	220,494
2,519	ProLogis	107,426	125,789	42,164	Microsoft Corporation	1,655,416	2,272,851
2,340	Prudential Financial, Inc.	132,427	245,650	1,136	Motorola Solutions, Inc.	112,225	88,387
748	Public Storage Real Estate Investment Trust	80,598	160,537	1,638	NetApp, Inc.	71,769	78,792
7,101	Regions Financial Corporation	106,366	87,022	2,657	NVIDIA Corporation	57,170	61,823
1,586	Simon Property Group, Inc.	164,511	335,559	16,513	Oracle Corporation	460,582	861,773
2,158	State Street Corporation	139,918	196,592	1,636	Paychex, Inc.	64,441	87,657
2,702	SunTrust Banks, Inc.	121,998	131,384	8,514	QUALCOMM, Inc.	486,593	734,415
1,340	T. Rowe Price Group Inc.	62,506	133,518	932	Red Hat, Inc.	31,182	74,781
678	Torchmark Corporation	15,738	42,622	3,019	Salesforce.com, Inc.	109,214	207,742
1,696	Travelers Companies, Inc., The	109,631	208,364	1,153	SanDisk Corporation	70,494	131,102
9,136	U.S. Bancorp	295,997	476,573	1,643	Seagate Technology PLC	48,726	126,795
1,313	Unum Group	52,823	53,148	3,452	Symantec Corporation	106,242	102,775
1,499	Ventas, Inc.	75,099	124,754	759	Teradata Corporation	25,066	38,474
890	Vornado Realty Trust Real Estate Investment Trust	77,976	121,591	5,441	Texas Instruments Incorporated	278,341	337,592
24,152	Wells Fargo & Company	1,055,787	1,536,512	866	Total System Services, Inc.	18,926	34,129
2,721	Weyerhaeuser Company	94,554	113,330	2,059	Tyco Electronics Ltd.	76,809	151,193
1,368	XL Group PLC	78,109	54,564	587	VeriSign, Inc.	15,502	38,829
1,047	Zions Bancorporation	36,240	34,641	2,500	Visa Inc.	306,540	760,706
		13,465,154	17,550,960	1,105	Western Digital Corporation	51,672	141,956
Information Technology -- 19.7%				2,774	Western Union Company	58,834	57,656
3,191	Accenture PLC, Class A	204,854	330,728	5,414	Xerox Corporation	123,458	87,081
2,418	Adobe Systems Incorporated	84,623	204,002	1,333	Xilinx, Inc.	77,403	66,967
932	Akamai Technologies, Inc.	40,796	68,096	4,521	Yahoo! Inc.	256,997	265,006
330	Alliance Data Systems Corporation	92,932	109,547			13,736,344	21,500,567
1,548	Altera Corporation	70,233	66,361	Telecommunication Services -- 2.4%			
1,581	Amphenol Corporation	37,445	98,728	26,556	AT&T Inc.	1,406,329	1,035,182
1,625	Analog Devices, Inc.	87,374	104,700	2,862	CenturyLink Inc.	261,449	131,459
1,483	Aon PLC	76,253	163,178	1,688	Crown Castle International Corp.	105,675	154,167
30,026	Apple Inc.	1,092,635	3,846,198	5,240	Frontier Communications Corporation	71,144	40,560
6,188	Applied Materials, Inc.	157,834	178,954	1,400	Level 3 Communications, Inc.	75,454	80,227
1,162	Autodesk, Inc.	29,942	80,991	21,242	Verizon Communications Inc.	1,086,659	1,152,817
2,481	Automatic Data Processing, Inc.	156,200	240,038	2,971	Windstream Corporation	33,407	28,410
1,304	Avago Technologies Ltd.	97,210	152,222			3,040,117	2,622,822
2,730	Broadcom Corporation	288,814	137,276	Utilities -- 3.3%			
1,657	CA, Inc.	79,722	58,554	3,446	AES Corporation, The	112,187	55,067
26,189	Cisco Systems, Inc.	945,465	845,360	594	AGL Resources Inc.	22,186	37,576
829	Citrix Systems, Inc.	49,870	61,379	1,232	Ameren Corporation	54,091	65,932
3,083	Cognizant Technology Solutions Corporation	84,066	188,408	2,461	American Electric Power Company, Inc.	108,569	173,415
717	Computer Sciences Corporation	57,434	52,462	2,217	CentrePoint Energy, Inc.	52,692	60,281
6,493	Corning Incorporated	233,981	172,780	1,397	CMS Energy Corporation	60,205	56,337
5,804	eBay Inc.	181,886	377,998	1,485	Consolidated Edison, Inc.	77,625	113,758
1,582	Electronic Arts Inc.	54,904	86,315	2,963	Dominion Resources, Inc.	140,155	264,373
10,448	EMC Corporation	364,614	360,775	892	DTE Energy Company	49,575	89,381
381	F5 Networks, Inc.	49,897	57,685	3,608	Duke Energy Corporation	236,719	349,788
10,705	Facebook Inc.	698,461	969,252	1,660	Edison International	69,489	126,113
1,441	Fidelity National Information Service, Inc.	49,160	104,016	928	Entergy Corporation	57,750	94,157
373	First Solar, Inc.	35,030	19,304	4,424	Exelon Corporation	183,019	190,370
1,288	Fiserv, Inc.	37,897	106,080	2,171	FirstEnergy Corp.	111,826	98,233
741	FLIR Systems, Inc.	24,584	27,784	388	Integrus Energy Group, Inc.	21,353	35,033
595	Garmin Ltd.	25,790	36,479	2,244	NextEra Energy, Inc.	140,078	276,796
1,460	Google Inc. Class A	932,502	899,111	1,585	NISource Inc.	50,762	77,999
1,458	Google Inc. Class C	62,435	890,671				

For equities, all common shares unless otherwise noted.
The accompanying notes are an integral part of the financial statements.

Scotia U.S. Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

Number of Shares	Issuer	Average Cost (\$)	Carrying Value (\$)
EQUITIES (cont'd)			
Utilities (cont'd)			
1,591	Northeast Utilities	54,155	98,789
1,646	NRG Energy, Inc.	42,972	51,479
1,015	ONEOK, Inc.	29,270	58,648
1,268	Pepco Holdings, Inc.	27,325	39,628
2,449	PG&E Corporation	105,993	151,268
569	Pinnacle West Capital Corporation	29,930	45,097
3,430	PPL Corporation	103,656	144,612
2,550	Public Service Enterprise Group Incorporated	77,520	122,469
689	SCANA Corporation	30,946	48,295
1,175	Sempra Energy	67,706	151,815
4,575	Southern Company	181,096	260,738
1,232	TECO Energy, Inc.	39,363	29,295
1,168	Wisconsin Energy Corporation	36,137	71,467
2,582	Xcel Energy, Inc.	74,935	107,586
		<u>2,449,285</u>	<u>3,545,795</u>
	TOTAL INVESTMENT PORTFOLIO	<u>70,466,910</u>	<u>108,341,938</u>
	Currency Spot Contracts – 0.0%		(123)
	OTHER ASSETS, LESS LIABILITIES – 0.6%		<u>609,225</u>
	NET ASSETS – 100.0%		<u><u>108,951,040</u></u>

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at December 31, 2014 (\$)	Canadian (\$) Appreciation/Depreciation
Jan. 5, 2015	Canadian Dollar	82,000.00	U.S. Dollar	70,766	82,123	<u>(123)</u>

The currency spot contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

Scotia U.S. Index Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth by tracking the performance of a generally recognized U.S. equity index, currently the Standard & Poor's 500 Index (S&P Index). The portfolio advisor aims to track the performance of the S&P Index as closely as possible by investing in the stocks that are included in the S&P Index in substantially the same proportion as they are weighted in the index, keeping the portfolio as fully invested as possible, and by minimizing transaction costs.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$81,379,773	\$54,673,240
Revaluation of Investments at FVTPL	11,283	9,637
Net assets attributable to holders of redeemable units	\$81,391,056	\$54,682,877

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$22,689,838
Revaluation of Investments at FVTPL	1,646
Increase (decrease) in net assets attributable to holders of redeemable units	\$22,691,484

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest Rate Risk

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund had no significant exposure to interest rate risk as its assets and liabilities were substantially non-interest bearing or were invested in short term fixed income instruments with term to maturity of less than 90 days, for the applicable periods.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	108,318,453	99.4	10,831,845	9.9
Total	108,318,453	99.4	10,831,845	9.9

Scotia U.S. Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
U.S. Dollar	80,959,288	99.5	8,095,929	9.9
Total	80,959,288	99.5	8,095,929	9.9

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
			Percentage of Net Assets (%)	
U.S. Dollar	54,441,782	99.6	5,444,178	10.0
Total	54,441,782	99.6	5,444,178	10.0

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.4% (December 31, 2013 – 99.4%, January 1, 2013 – 99.5%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$10,834,194 (December 31, 2013 – \$8,090,625, January 1, 2013 – \$5,435,857). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund had no significant exposure to debt instruments or preferred securities as at December 31, 2014, December 31, 2013 and January 1, 2013. In addition, all investment transactions are executed by brokers with an approved credit rating. As such, the risk of default on transactions with counterparties and brokers is considered minimal. In instances where the credit rating were to fall below the approved rating, the Manager would take appropriate action.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$72,875	\$ –	\$40,482	\$ –	\$22,586
Unrealized loss currency spot contracts	–	123	–	–	–	–
Redeemable units	108,951,040	–	81,391,056	–	54,682,877	–
	\$108,951,040	\$72,998	\$81,391,056	\$40,482	\$54,682,877	\$22,586

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

Scotia U.S. Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Energy	8.3	10.2	10.9
Materials	3.1	3.5	3.6
Industrials	10.4	10.9	10.2
Consumer Discretionary	12.2	12.4	11.3
Consumer Staples	9.7	9.7	10.6
Health Care	14.2	12.9	11.9
Financials	16.1	16.0	15.6
Information Technology	19.7	18.6	19.0
Telecommunication Services	2.4	2.3	3.0
Utilities	3.3	2.9	3.4
Currency Spot	0.0	—	—

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities	\$108,341,938	\$ —	\$ —	\$108,341,938
Currency Spot Contracts—Liabilities	(123)	—	—	(123)
	\$108,341,815	\$ —	\$ —	\$108,341,815

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 80,917,534	\$ —	\$ —	\$ 80,917,534

January 1, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 54,368,202	\$ —	\$ —	\$ 54,368,202

Transfer Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	21.59	21.59	17.76	17.76
Series F	21.50	21.50	17.66	17.66

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

Scotia CanAm Index Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$85,415,065	\$73,693,488	\$56,305,224
Cash	488,038	450,850	128,774
Accrued investment income	554	384	89
Subscriptions receivable	201,514	53,894	6,740
Margin deposited on futures	1,486,546	2,201,543	1,802,090
	<u>87,591,717</u>	<u>76,400,159</u>	<u>58,242,917</u>
LIABILITIES			
Current liabilities			
Distributions payable	452	—	—
Redemptions payable	28,458	8,136	57,539
	<u>28,910</u>	<u>8,136</u>	<u>57,539</u>
Net Assets attributable to holders of redeemable units	<u>\$87,562,807</u>	<u>\$76,392,023</u>	<u>\$58,185,378</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$87,532,084	\$76,392,023	\$58,185,378
Series F Units	\$ 30,723	\$ —	\$ —
UNITS OUTSTANDING			
Series A Units	5,990,895	6,312,982	6,712,068
Series F Units	2,075	—	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 14.61	\$ 12.10	\$ 8.67
Series F Units	\$ 14.81	\$ —	\$ —

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 721,252	\$ 651,844
Index futures contracts income	9,746,617	18,254,863
Net realized gain (loss) on futures contracts	5,558,221	4,416,251
Change in unrealized appreciation (depreciation) of currency futures	961,523	(422,066)
Net gain (loss) on investments	<u>16,987,613</u>	<u>22,900,892</u>
Securities lending	9,005	15,306
Net realized (gain) loss foreign exchange on cash	58,909	251,369
Other income	1,934	593
Total income (loss)	<u>17,057,461</u>	<u>23,168,160</u>
EXPENSES		
Management fees (note 5)	642,702	541,368
Administration fees (note 6)	66,145	—
Harmonized Sales Tax/Goods and Services Tax	84,403	72,779
Audit fees	1,707	2,308
Independent Review Committee fees	165	116
Custodian fees	831	1,167
Filing fees	11,609	13,565
Legal fees	255	328
Unitholder reporting costs	16,015	21,290
Unitholder administration and service fees	64,346	111,902
Overdraft charges	2,818	1,389
Transaction costs	32,898	27,363
Total expenses	<u>923,894</u>	<u>793,575</u>
Absorbed expenses	(2,337)	(13)
Net expenses	<u>921,557</u>	<u>793,562</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$16,135,904</u>	<u>\$22,374,598</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$16,125,816	\$22,374,598
Series F Units	\$ 10,088	\$ —
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 2.64	\$ 3.43
Series F Units	\$ 1.15	\$ —
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	6,115,771	6,517,786
Series F Units	8,759	—

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

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

Scotia CanAm Index Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$76,392,023	\$58,185,378
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	16,125,816	22,374,598
Series F Units	10,088	–
	<u>16,135,904</u>	<u>22,374,598</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(902,244)	–
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	7,751,744	5,691,726
Series F Units	227,357	–
Reinvested distributions		
Series A Units	900,616	–
Payments on redemption		
Series A Units	(12,735,871)	(9,859,679)
Series F Units	(206,722)	–
	<u>(4,062,876)</u>	<u>(4,167,953)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	11,140,061	18,206,645
Series F Units	30,723	–
	<u>11,170,784</u>	<u>18,206,645</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	87,532,084	76,392,023
Series F Units	30,723	–
	<u>\$87,562,807</u>	<u>\$76,392,023</u>

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
MONEY MARKET INSTRUMENTS – 97.5%			
85,500,000	Government of Canada Treasury Bills		
	0.87% to 0.95% due from Jan. 8, 2015 to Apr. 9, 2015	85,331,720	85,415,065
	TOTAL INVESTMENT PORTFOLIO	<u>85,331,720</u>	<u>85,415,065</u>
	Futures Contracts – 1.7%		1,486,546
	OTHER ASSETS, LESS LIABILITIES – 0.8%		661,196
	NET ASSETS – 100.0%		<u>87,562,807</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 16,135,904	\$ 22,374,598
Adjustments For:		
Net unrealized (gain) loss foreign exchange on cash	(9,455)	(251,605)
Purchases of non-derivative financial assets	(383,264,810)	(192,812,814)
Proceeds from sale of non-derivative financial assets	371,543,233	175,424,550
Accrued investment income	(170)	(295)
Change in margin accounts for futures contracts	714,997	(399,453)
Net cash provided by (used in) operating activities	<u>5,119,699</u>	<u>4,334,981</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	7,831,481	5,644,572
Amounts paid on redemption of redeemable units	(12,922,271)	(9,909,082)
Distributions to unitholders of redeemable units	(1,176)	–
Net cash provided by (used in) financing activities	<u>(5,091,966)</u>	<u>(4,264,510)</u>
Net unrealized (gain) loss foreign exchange on cash	9,455	251,605
Net increase (decrease) in cash	27,733	70,471
Cash (Bank Indebtedness) at beginning of period	450,850	128,774
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 488,038</u>	<u>\$ 450,850</u>
Interest received(1)	721,082	651,549

(1) Classified as operating items.

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

Scotia CanAm Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO INDEX FUTURES CONTRACTS

Note: As at December 31, 2014, the Scotia CanAm Index Fund held 71 futures contracts to purchase the Standard and Poor's 500 Stock Index ("S&P 500 Index") and held 377 futures contracts to purchase the S&P 500 Index E-Mini futures contracts for settlement in March 2015. These futures contracts are financial agreements to purchase the S&P 500 Index at a contracted price on a specific future date. However, the Fund does not intend to purchase the S&P 500 Index on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

Number of Futures Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
71	<u>S&P 500 Composite Stock Index</u>			
	Futures Contracts – Mar. 2015	41,598,280	42,277,011	678,731
377	E-Mini Futures Contracts – Mar. 2015	44,258,163	44,896,994	638,831
				<u>1,317,562</u>

CURRENCY FUTURES CONTRACTS

Number of Contracts		Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
(863)	Canadian \$ against U.S.\$	Mar. 2015	(87,084,902)	(86,099,698)	985,204

The above currency futures contracts are financial agreements to purchase the foreign currency at a contracted price on a specific future date. However, the Fund does not intend to purchase the foreign currency on settlement. Rather, it intends to close out each currency futures contract before settlement by entering into equal, but offsetting currency futures contracts.

With respect to the above futures contracts, \$6,076,000 of the February 12, 2015 Government of Canada Treasury Bills are held on margin.

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of A- by Standard & Poor's.

Scotia CanAm Index Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth by tracking the performance of a generally recognized U.S. equity index. The Fund currently tracks the Standard & Poor's 500 Index (S&P Index). The portfolio advisor aims to track the performance of the S&P Index as closely as possible by using futures contracts that are linked to the performance of the S&P Index. It invests the balance of its assets in cash and Canadian treasury bills and other short-term debt instruments guaranteed by the Government of Canada. The Fund will only use derivatives as permitted by securities regulations. The Fund can invest up to 100% of its assets in foreign securities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$85,415,065	\$73,693,488	\$56,305,224
1-3 years	—	—	—
3-5 years	—	—	—
5-10 years	—	—	—
> 10 years	—	—	—
Total	\$85,415,065	\$73,693,488	\$56,305,224

* Earlier of maturity or interest reset date. Excludes cash.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
US Dollar	1,178,016	1.3	117,802	0.1

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	2,120,854	2.8	212,085	0.3

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	
				Percentage of Net Assets (%)
U.S. Dollar	906,063	1.6	90,606	0.2

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

Scotia CanAm Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.6% (December 31, 2013 – 99.5%, January 1, 2013 – 99.8%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$8,717,401 (December 31, 2013 – \$7,598,338, January 1, 2013 – \$5,86,319). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating R1-High	100.0	97.5	100.0	96.5	100.0	96.8
Total	100.0	97.5	100.0	96.5	100.0	96.8

v) Liquidity risk (note 3)

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$28,910	\$ –	\$8,136	\$ –	\$57,539
Redeemable units	87,562,807	–	76,392,023	–	58,185,378	–
	\$87,562,807	\$28,910	\$76,392,023	\$8,136	\$58,185,378	\$57,539

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Treasury Bills	97.5	96.5	96.8
Futures Contracts	1.7	2.9	3.1

Scotia CanAm Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$85,415,065	\$ –	\$85,415,065
Future Contracts–Assets	2,302,766	–	–	2,302,766
	\$2,302,766	\$85,415,065	\$ –	\$87,717,831

December 31, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$73,693,488	\$ –	\$73,693,488
Futures Contracts (Long)	3,045,961	–	–	3,045,961
	3,045,961	73,693,488	–	76,739,449
Futures Contracts (Short)	(23,681)	–	–	(23,681)
	\$3,022,280	\$73,693,488	\$ –	\$76,715,768

January 1, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$56,305,224	\$ –	\$56,305,224
Futures Contracts (Short)	237,316	–	–	237,316
	237,316	56,305,224	–	56,542,540
Futures Contracts (Long)	445,747	–	–	445,747
	\$ 683,063	\$56,305,224	\$ –	\$56,988,287

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	14.61	14.61	12.08	12.10
Series F	14.81	14.81	–	–

Scotia Nasdaq Index Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$45,258,879	\$28,698,678	\$17,824,726
Cash	1,666,511	1,473,366	321,564
Accrued investment income	719	588	108
Subscriptions receivable	152,593	81,578	13,226
Margin deposited on futures	431,935	1,080,366	770,253
	<u>47,510,637</u>	<u>31,334,576</u>	<u>18,929,877</u>
LIABILITIES			
Current liabilities			
Distributions payable	6,639	6,087	917
Redemptions payable	155,248	26,265	35,169
	<u>161,887</u>	<u>32,352</u>	<u>36,086</u>
Net Assets attributable to holders of redeemable units	<u>\$47,348,750</u>	<u>\$31,302,224</u>	<u>\$18,893,791</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$47,346,010	\$30,717,795	\$18,880,024
Series F Units	\$ 2,740	\$ 584,429	\$ 13,767
UNITS OUTSTANDING			
Series A Units	6,781,164	4,828,491	3,387,629
Series F Units	333	90,624	2,453
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 6.98	\$ 6.36	\$ 5.57
Series F Units	\$ 8.24	\$ 6.45	\$ 5.61

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 197,830	\$ 18,893
Index futures contracts income	6,479,220	7,424,126
Net realized gain (loss) on futures contracts	—	77,305
Net gain (loss) foreign exchange	2,218,504	1,061,966
Change in unrealized appreciation (depreciation) of non-derivative financial assets	629,997	375,027
Net gain (loss) on investments	<u>9,525,551</u>	<u>8,957,317</u>
Securities lending	744	23
Net realized (gain) loss foreign exchange on cash	267,567	124,435
Other income	6,980	2,306
Total income (loss)	<u>9,800,842</u>	<u>9,084,081</u>
EXPENSES		
Management fees (note 5)	305,011	189,227
Administration fees (note 6)	35,584	—
Harmonized Sales Tax/Goods and Services Tax	39,916	25,425
Audit fees	792	1,024
Independent Review Committee fees	77	36
Custodian fees	561	629
Filing fees	10,112	16,099
Legal fees	113	105
Unitholder reporting costs	6,580	8,205
Unitholder administration and service fees	23,093	30,789
Overdraft charges	113	160
Transaction costs	9,113	6,569
Total expenses	<u>431,065</u>	<u>278,268</u>
Absorbed expenses	(1,724)	(2,982)
Net expenses	<u>429,341</u>	<u>275,286</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$9,371,501</u>	<u>\$8,808,795</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$9,358,207	\$8,732,025
Series F Units	\$ 13,294	\$ 76,770
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.73	\$ 2.43
Series F Units	\$ 0.45	\$ 3.53
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	5,408,059	3,589,536
Series F Units	29,642	21,736

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

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

Scotia Nasdaq Index Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$30,717,795	\$18,880,024
Series F Units	584,429	13,767
	<u>31,302,224</u>	<u>18,893,791</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	9,358,207	8,732,025
Series F Units	13,294	76,770
	<u>9,371,501</u>	<u>8,808,795</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(6,596,064)	(6,149,353)
Series F Units	–	(116,619)
	<u>(6,596,064)</u>	<u>(6,265,972)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	16,801,828	7,951,112
Series F Units	46,929	510,583
Reinvested distributions		
Series A Units	6,437,238	6,117,659
Series F Units	–	116,619
Payments on redemption		
Series A Units	(9,372,994)	(4,813,672)
Series F Units	(641,912)	(16,691)
	<u>13,271,089</u>	<u>9,865,610</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	16,628,215	11,837,771
Series F Units	(581,689)	570,662
	<u>16,046,526</u>	<u>12,408,433</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	47,346,010	30,717,795
Series F Units	2,740	584,429
	<u>\$47,348,750</u>	<u>\$31,302,224</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 9,371,501	\$ 8,808,795
Adjustments For:		
Net unrealized (gain) loss foreign exchange on cash	(265,209)	(124,324)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(629,997)	(375,027)
Purchases of non-derivative financial assets	(251,065,473)	(79,287,102)
Proceeds from sale of non-derivative financial assets	235,135,269	68,788,152
Transaction costs	–	24
Accrued investment income	(131)	(480)
Change in margin accounts for futures contracts	648,431	(310,113)
Net cash provided by (used in) operating activities	<u>(6,805,609)</u>	<u>(2,500,075)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	16,777,742	8,393,343
Amounts paid on redemption of redeemable units	(9,885,923)	(4,839,266)
Distributions to unitholders of redeemable units	(158,274)	(26,524)
Net cash provided by (used in) financing activities	<u>6,733,545</u>	<u>3,527,553</u>
Net unrealized (gain) loss foreign exchange on cash	265,209	124,324
Net increase (decrease) in cash	(72,064)	1,027,478
Cash (Bank Indebtedness) at beginning of period	1,473,366	321,564
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 1,666,511</u>	<u>\$ 1,473,366</u>
Interest received(1)	197,698	18,413

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
MONEY MARKET INSTRUMENTS – 95.6%			
39,000,000	United States Treasury Bills		
(U.S.)	0.01% to 0.03% due from Jan. 2, 2015 to Mar. 19, 2015	44,222,057	45,258,879
	TOTAL INVESTMENT PORTFOLIO	<u>44,222,057</u>	<u>45,258,879</u>
	Futures Contracts – 0.9%		431,935
	OTHER ASSETS, LESS LIABILITIES – 3.5%		1,657,936
	NET ASSETS – 100.0%		<u>47,348,750</u>

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

Scotia Nasdaq Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO INDEX FUTURES CONTRACTS

Note: As at December 31, 2014 the Fund held 3 futures contracts to purchase the Nasdaq 100 Index and held 466 futures contracts to purchase the Nasdaq 100 Index E-Mini futures contracts for settlement in March 2015. These futures contracts are financial agreements to purchase the Nasdaq 100 Index at a contracted price on a specific future date. However, the Fund does not intend to purchase the Nasdaq 100 Index on settlement. Rather, it intends to close out each futures contract before settlement by entering into equal, but offsetting futures contracts.

Number of Futures Contracts	Contract Issuer	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
3	Nasdaq 100 Index			
	Futures Contracts – Mar. 2015	1,470,164	1,473,628	3,464
466	E-Mini Futures Contracts – Mar. 2015	45,678,252	45,780,701	102,449
				<u>105,913</u>

With respect to the above futures contracts, \$94,000 of the January 2, 2015 and \$1,000,000 of the January 22, 2015 U.S. Treasury Bills are held on margin.

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a minimum credit rating of A- by Standard & Poor's.

Scotia Nasdaq Index Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is aggressive long-term capital growth by tracking the performance of the Nasdaq 100 Index (Nasdaq). The Fund aims to track the performance of the index as closely as possible by primarily investing in derivatives such as options, futures and forward contracts that are linked to the performance of the Nasdaq. The portfolio advisor may choose to invest directly in stocks that are included in the Nasdaq. The Fund invests the balance of its assets in cash and money market instruments. This allows the Fund to cover its positions in the derivatives. The Fund will only use derivatives as permitted by securities regulations. The Fund can invest up to 100% of its assets in foreign securities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$45,258,879	\$28,698,678	\$17,824,726
1-3 years	—	—	—
3-5 years	—	—	—
5-10 years	—	—	—
> 10 years	—	—	—
Total	\$45,258,879	\$28,698,678	\$17,824,726

* Earlier of maturity or interest reset date. Excludes cash.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
US Dollar	46,313,546	97.8	4,631,355	9.8
Total	46,313,546	97.8	4,631,355	9.8

Currency	December 31, 2013			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	27,903,351	94.0	2,790,335	9.4
Total	27,903,351	94.0	2,790,335	9.4

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

Scotia Nasdaq Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Currency	January 1, 2013			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	18,913,867	99.5	1,891,387	10.0
Total	18,913,867	99.5	1,891,387	10.0

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.8% (December 31, 2013 – 99.5%, January 1, 2013 – 99.7%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$4,725,433 (December 31, 2013 – \$3,114,533, January 1, 2013 – \$1,883,717). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
Short-Term Rating						
R1-High	100.0	95.6	24.5	22.4	100.0	94.3
R1-Middle	–	–	75.5	69.2	–	–
Total	100.0	95.6	100.0	91.6	100.0	94.3

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$161,887	\$ –	\$32,352	\$ –	\$36,086
Redeemable units	47,348,750	–	31,302,224	–	18,893,791	–
	\$47,348,750	\$161,887	\$31,302,224	\$32,352	\$18,893,791	\$36,086

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

Scotia Nasdaq Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Money Market Instruments	95.6	91.6	94.3
Futures Contracts	0.9	3.5	4.1

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$45,258,879	\$ –	\$45,258,879
Future Contracts–(Long)	105,913	–	–	105,913
	\$105,913	\$45,258,879	\$ –	\$45,364,792

December 31, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$28,698,678	\$ –	\$28,698,678
Futures Contracts (Long)	707,935	–	–	707,935
	\$707,935	\$28,698,678	\$ –	\$29,406,613

January 1, 2013	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$17,824,726	\$ –	\$17,824,726
Futures Contracts (Long)	(8,071)	–	–	(8,071)
	\$ (8,071)	\$17,824,726	\$ –	\$17,816,655

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	6.98	6.98	6.35	6.36
Series F	8.24	8.24	6.43	6.45

Scotia International Index Fund

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$24,974,928	\$24,705,248	\$32,113,091
Cash	647,529	296,175	332,205
Accrued investment income	502	326	87
Subscriptions receivable	17,792	18,780	8,298
Margin deposited on futures	93,581	1,246,874	2,314,006
	<u>25,734,332</u>	<u>26,267,403</u>	<u>34,767,687</u>
LIABILITIES			
Current liabilities			
Redemptions payable	13,202	17,621	30,430
Net Assets attributable to holders of redeemable units	<u>\$25,721,130</u>	<u>\$26,249,782</u>	<u>\$34,737,257</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$25,721,130	\$26,249,782	\$20,358,798
Series F Units	\$ —	\$ —	\$ 1,616
Series I Units	\$ —	\$ —	\$14,376,843
UNITS OUTSTANDING			
Series A Units	2,819,952	2,945,295	2,975,878
Series F Units	—	—	234
Series I Units	—	—	1,937,559
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 9.12	\$ 8.91	\$ 6.84
Series F Units	\$ —	\$ —	\$ 6.90
Series I Units	\$ —	\$ —	\$ 7.42

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 297,024	\$ 392,635
Index futures contracts income	1,203,553	7,505,506
Net realized gain (loss) on non-derivative financial assets	(46,038)	(35,146)
Net realized gain (loss) on futures contracts	(509,856)	934,886
Net gain (loss) foreign exchange	12,290	50,705
Change in unrealized appreciation (depreciation) of non-derivative financial assets	26,227	(19,921)
Change in unrealized appreciation (depreciation) of currency futures	(21,285)	(238,823)
Net gain (loss) on investments	<u>961,915</u>	<u>8,589,842</u>
Securities lending	1,345	3,683
Other income	200	2,122
Total income (loss)	<u>963,460</u>	<u>8,595,647</u>
EXPENSES		
Management fees (note 5)	214,073	183,992
Administration fees (note 6)	30,098	—
Harmonized Sales Tax/Goods and Services Tax	28,530	25,584
Audit fees	582	1,411
Independent Review Committee fees	56	71
Custodian fees	510	1,390
Filing fees	8,228	14,519
Legal fees	89	204
Unitholder reporting costs	4,228	14,611
Unitholder administration and service fees	22,830	40,664
Overdraft charges	6,897	6,243
Transaction costs	<u>24,287</u>	<u>29,932</u>
Total expenses	<u>340,408</u>	<u>318,621</u>
Absorbed expenses	—	(427)
Net expenses	<u>340,408</u>	<u>318,194</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 623,052</u>	<u>\$8,277,453</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$ 623,052	\$6,097,204
Series F Units	\$ —	\$ 89
Series I Units	\$ —	\$2,180,160
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.21	\$ 2.07
Series F Units	\$ —	\$ 0.38
Series I Units	\$ —	\$ 1.30
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	2,915,245	2,947,789
Series F Units	—	234
Series I Units	—	1,672,614

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

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

Scotia International Index Fund (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$26,249,782	\$ 20,358,798
Series F Units	–	1,616
Series I Units	–	14,376,843
	<u>26,249,782</u>	<u>34,737,257</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	623,052	6,097,204
Series F Units	–	89
Series I Units	–	2,180,160
	<u>623,052</u>	<u>8,277,453</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	4,487,526	4,193,454
Series I Units	–	40,000
Payments on redemption		
Series A Units	(5,639,230)	(4,399,674)
Series F Units	–	(1,705)
Series I Units	–	(16,597,003)
	<u>(1,151,704)</u>	<u>(16,764,928)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	(528,652)	5,890,984
Series F Units	–	(1,616)
Series I Units	–	(14,376,843)
	<u>(528,652)</u>	<u>(8,487,475)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$25,721,130</u>	<u>\$ 26,249,782</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 623,052	\$ 8,277,453
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	46,038	35,146
Net realized (gain) loss foreign exchange on cash	(12,290)	(50,705)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(26,227)	19,921
Purchases of non-derivative financial assets	(151,988,686)	(156,150,667)
Proceeds from sale of non-derivative financial assets	151,699,195	163,503,442
Accrued investment income	(176)	(239)
Change in margin accounts for futures contracts	1,153,293	1,067,132
Net cash provided by (used in) operating activities	<u>1,494,199</u>	<u>16,701,483</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	4,488,514	4,222,972
Amounts paid on redemption of redeemable units	(5,643,649)	(21,011,190)
Net cash provided by (used in) financing activities	<u>(1,155,135)</u>	<u>(16,788,218)</u>
Net realized (gain) loss foreign exchange on cash	12,290	50,705
Net increase (decrease) in cash	339,064	(86,735)
Cash (Bank Indebtedness) at beginning of period	296,175	332,205
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 647,529</u>	<u>\$ 296,175</u>
Interest received(1)	303,129	392,396

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Face Value (\$)	Issuer	Average Cost (\$)	Carrying Value (\$)
MONEY MARKET INSTRUMENTS – 97.1%			
Treasury Bills – 43.7%			
1,000,000	Government of Canada		
	0.90% due Jan. 15, 2015	997,580	999,654
4,000,000	Government of Canada		
	0.89% due Feb. 12, 2015	3,990,479	3,995,919
3,000,000	Government of Canada		
	0.90% due Feb. 26, 2015	2,992,800	2,995,886
1,000,000	Government of Canada		
	0.90% due Mar. 26, 2015	997,600	997,943
2,250,000	Government of Canada		
	0.92% due Apr. 9, 2015	2,244,353	2,244,465
		<u>11,222,812</u>	<u>11,233,867</u>
Bankers' Acceptances – 45.6%			
1,000,000	Bank of Montreal		
	1.19% due Jan. 19, 2015	998,630	999,413
1,000,000	Bank of Montreal		
	1.20% due Feb. 18, 2015	998,390	998,423
2,000,000	Canadian Imperial Bank of Commerce		
	1.19% due Jan. 15, 2015	1,997,660	1,999,090
1,000,000	HSBC Bank Canada		
	1.21% due Jan. 2, 2015	998,940	999,967
1,000,000	National Bank of Canada		
	1.19% due Jan. 9, 2015	999,020	999,739
250,000	National Bank of Canada		
	1.20% due Jan. 20, 2015	249,770	249,844
1,000,000	National Bank of Canada		
	1.21% due Jan. 23, 2015	999,010	999,274
2,250,000	Royal Bank of Canada		
	1.19% due Jan. 26, 2015	2,246,040	2,248,167
250,000	Toronto-Dominion Bank, The		
	1.19% due Jan. 23, 2015	249,748	249,821
2,000,000	Toronto-Dominion Bank, The		
	1.19% due Jan. 26, 2015	1,998,180	1,998,375
		<u>11,735,388</u>	<u>11,742,113</u>
Bearers' Deposit Notes – 3.9%			
1,000,000	Caisse Centrale Desjardins		
	1.19% due Jan. 19, 2015	998,860	999,414
Commercial Paper – 3.9%			
1,000,000	Sumitomo Mitsui Banking Corp.		
	1.22% due Jan. 15, 2015	996,440	999,534
	TOTAL INVESTMENT PORTFOLIO	<u>24,953,500</u>	<u>24,974,928</u>
	Futures Contracts – 0.4%		93,581
	OTHER ASSETS, LESS LIABILITIES – 2.5%		<u>652,621</u>
	NET ASSETS – 100.0%		<u><u>25,721,130</u></u>

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

Scotia International Index Fund (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO INDEX FUTURES CONTRACTS

Number of Contracts	Issuer/Country Index	Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation/ (Depreciation) (\$)
26	EUROPE DJ EURO STOXX 50	Mar. 2015	1,089,632	1,143,655	54,024
41	FRANCE CAC 40 Index	Jan. 2015	2,306,847	2,461,980	155,133
7	GERMANY DAX Index	Mar. 2015	2,310,041	2,418,516	108,475
4	ITALY FTSE MIB Index	Mar. 2015	504,872	535,451	30,579
6	NETHERLANDS Amsterdam Index	Jan. 2015	661,582	716,031	54,449
6	SPAIN IBEX 35 Plus Index	Jan. 2015	839,154	862,969	23,815
46	SWEDEN OMX Index	Jan. 2015	957,681	1,004,516	46,835
23	SWITZERLAND Swiss Market Index	Mar. 2015	2,308,915	2,390,806	81,891
46	UNITED KINGDOM FTSE 100 Index	Mar. 2015	5,137,435	5,426,765	289,330
15	AUSTRALIA ASX SPI 200	Mar. 2015	1,821,591	1,913,915	92,324
7	HONG KONG Hang Seng Index	Jan. 2015	1,217,698	1,238,805	21,107
40	JAPAN Topix Index	Mar. 2015	5,599,817	5,454,680	(145,138)
					<u>812,824</u>

CURRENCY FUTURES CONTRACTS

Number of Contracts		Settlement Date	Contractual Value Canadian (\$)	Fair Value Canadian (\$)	Appreciation / (Depreciation) (\$)
21	Australian \$ against U.S.\$	Mar. 2015	2,007,758	1,979,366	(28,392)
49	British Pound against U.S.\$	Mar. 2015	5,562,754	5,533,611	(29,143)
45	Japanese Yen against U.S.\$	Mar. 2015	5,424,923	5,450,055	25,132
17	Swiss Franc against U.S.\$	Mar. 2015	2,531,246	2,484,304	(46,942)
53	Euro against U.S.\$	Mar. 2015	9,481,561	9,308,213	(173,348)
(260)	Canadian \$ against U.S.\$	Mar. 2015	(26,235,598)	(25,939,654)	295,944
					<u>43,251</u>

The above index futures and currency futures contracts are financial agreements to purchase the indices and foreign currencies at a contracted price on a specific future date. However, the Fund does not intend to purchase the indices and foreign currencies on settlement. Rather, it intends to close out each index futures contract and currency futures contract before settlement by entering into equal, but offsetting index futures contracts and currency futures contracts.

With respect to the above futures contracts, \$2,424,000 of the February 12, 2015 Government of Canada Treasury Bills are held on margin.

The futures contracts outstanding at December 31, 2014 are placed with a financial institution with a credit rating of A- by Standard & Poor's.

Scotia International Index Fund

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth by tracking the performance of generally recognized indexes of established international stock markets. It currently tracks the performance of indexes of established markets in Europe, Australasia and the Far East. The portfolio advisor's strategy is to track the performance of the indexes as closely as possible by using futures contracts that are linked to the performance of these indexes. It invests the balance of its assets in cash and money market instruments. This allows the Fund to cover its positions in the futures contracts. The Fund will only use derivatives as permitted by securities regulations. The Fund can invest up to 100% of its assets in foreign securities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$24,974,928	\$24,705,248	\$32,113,091
1-3 years	—	—	—
3-5 years	—	—	—
5-10 years	—	—	—
> 10 years	—	—	—
Total	\$24,974,928	\$24,705,248	\$32,113,091

* Earlier of maturity or interest reset date. Excludes cash.

- ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

Currency	December 31, 2014			
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
Hong Kong Dollar	1,238,805	4.8	123,881	0.5
Swedish Krona	1,004,516	3.9	100,452	0.4
Japanese Yen	5,067	0.0	507	0.0
Australian Dollar	(65,291)	(0.3)	(6,529)	0.0
Swiss Franc	(93,296)	(0.4)	(9,330)	0.0
British Pound	(106,396)	(0.4)	(10,640)	0.0
European Euro	(1,168,856)	(4.5)	(116,886)	(0.5)
US Dollar	(1,094,511)	(4.3)	(109,451)	(0.4)
Total	(279,962)	(1.2)	(27,996)	0.0

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

Scotia International Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
Hong Kong Dollar	1,118,882	4.3	111,888	0.4
Swedish Krona	984,774	3.8	98,477	0.4
Japanese Yen	275,256	1.0	27,526	0.1
Swiss Franc	94,270	0.4	9,427	0.0
British Pound	58,338	0.2	5,834	0.0
Australian Dollar	37,690	0.1	3,769	0.0
European Euro	(997,618)	(3.8)	(99,762)	(0.4)
U.S. Dollar	(1,245,110)	(4.7)	(124,511)	(0.5)
Total	326,481	1.3	32,648	0.1

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
Hong Kong Dollar	1,743,632	5.0	174,363	0.5
Swedish Krona	1,179,455	3.4	117,946	0.3
Japanese Yen	747,877	2.2	74,788	0.2
Swiss Franc	21,758	0.1	2,176	0.0
British Pound	80,093	0.2	8,009	0.0
Australian Dollar	4,328	0.0	433	0.0
European Euro	(604,345)	(1.7)	(60,435)	(0.2)
U.S. Dollar	(1,484,674)	(4.3)	(148,467)	(0.4)
Total	1,688,124	4.9	168,812	0.5

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.4% (December 31, 2013 – 99.5%, January 1, 2013 – 99.3%) of the Fund's net assets attributable to holders of redeemable units were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$2,556,809 (December 31, 2013 – \$2,610,545, January 1, 2013 – \$3,450,879). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
Short-Term Rating						
R1-High	83.0	80.6	81.7	76.9	63.5	58.7
R1-Middle	13.0	12.6	8.1	7.6	13.4	12.4
R1-Low	4.0	3.9	–	–	8.7	8.1
Bond Credit Rating						
AA	–	–	4.1	3.8	9.6	8.9
A	–	–	6.1	5.8	4.8	4.4
Total	100.0	97.1	100.0	94.1	100.0	92.5

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

Scotia International Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$13,202	\$ –	\$17,621	\$ –	\$30,430
Payable for futures contracts	–	–	–	–	–	–
Redeemable units	25,721,130	–	26,249,782	–	34,737,257	–
	\$25,721,130	\$13,202	\$26,249,782	\$17,621	\$34,737,257	\$30,430

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Treasury Bills	43.7	44.9	40.5
Deposit Notes	–	–	4.2
Bankers' Acceptances	45.6	23.2	20.0
Bearers' Deposit Notes	3.9	12.6	8.6
Commercial Paper	3.9	3.8	5.8
Short-Term Bonds	–	9.6	13.3
Futures Contracts	0.4	4.8	6.7

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ –	\$24,974,928	\$ –	\$24,974,928
Future Contracts (Long)	560,131	–	–	560,131
	560,131	24,974,928	–	25,535,059
Futures Contracts (Short)	295,944	24,974,928	–	295,944
	\$856,075	\$49,949,856	\$ –	\$25,831,003

December 31, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$24,705,248	\$ –	\$24,705,248
Futures Contracts (Long)	962,960	–	–	962,960
	962,960	\$24,705,248	–	25,668,208
Futures Contracts (Short)	8,191	–	–	8,191
	\$971,151	\$24,705,248	\$ –	\$25,676,399

January 1, 2013	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$32,113,091	\$ –	\$32,113,091
Futures Contracts (Long)	415,211	–	–	415,211
	415,211	32,113,091	–	32,528,302
Futures Contracts (Short)	254,713	–	–	254,713
	\$669,924	\$32,113,091	\$ –	\$32,783,015

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia International Index Fund (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The Fund did not hold any interests in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.12	9.12	8.92	8.91

Scotia Selected Income Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$65,299,516	\$36,666,437	\$2,012,872
Cash	1,436,950	926,441	500,428
Accrued investment income	1,034	611	151
Subscriptions receivable	194,028	243,996	153,395
	<u>66,931,528</u>	<u>37,837,485</u>	<u>2,666,846</u>
LIABILITIES			
Current liabilities			
Distributions payable	13,528	906	1,126
Redemptions payable	57,003	41,331	—
	<u>70,531</u>	<u>42,237</u>	<u>1,126</u>
Net Assets attributable to holders of redeemable units	<u>\$66,860,997</u>	<u>\$37,795,248</u>	<u>\$2,665,720</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$66,860,997</u>	<u>\$37,795,248</u>	<u>\$2,665,720</u>
UNITS OUTSTANDING			
Series A Units	<u>6,328,521</u>	<u>3,684,214</u>	<u>265,700</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 10.57</u>	<u>\$ 10.26</u>	<u>\$ 10.03</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 474,541	\$ 178,263
Interest for distribution purposes	1,586,713	705,584
Capital gains distributions received	787,135	159,062
Net realized gain (loss) on non-derivative financial assets	1,527,662	(359,060)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	660,508	1,003,855
Net gain (loss) on investments	<u>5,036,559</u>	<u>1,687,704</u>
Other income	1,804	2,048
Total income (loss)	<u>5,038,363</u>	<u>1,689,752</u>
EXPENSES		
Management fees (note 5)	832,412	316,496
Administration fees (note 6)	33,702	—
Harmonized Sales Tax/Goods and Services Tax	96,232	36,154
Audit fees	1,345	1,217
Independent Review Committee fees	105	10
Custodian fees	(416)	3,822
Filing fees	13,180	16,304
Legal fees	153	48
Unitholder reporting costs	4,157	6,558
Unitholder administration and service fees	10,181	6,417
Foreign withholding taxes/tax reclaims	19,881	694
Total expenses	<u>1,010,932</u>	<u>387,720</u>
Absorbed expenses	—	(3,975)
Net expenses	<u>1,010,932</u>	<u>383,745</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$4,027,431</u>	<u>\$1,306,007</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$4,027,431</u>	<u>\$1,306,007</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 0.80</u>	<u>\$ 0.65</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	<u>5,019,139</u>	<u>2,018,519</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	<u>\$37,795,248</u>	<u>\$ 2,665,720</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	<u>4,027,431</u>	<u>1,306,007</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(1,052,126)	(502,150)
From realized gain		
Series A Units	(2,102,914)	(64,889)
	<u>(3,155,040)</u>	<u>(567,039)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	33,612,595	38,265,771
Reinvested distributions		
Series A Units	3,136,509	561,301
Payments on redemption		
Series A Units	(8,555,746)	(4,436,512)
	<u>28,193,358</u>	<u>34,390,560</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	<u>29,065,749</u>	<u>35,129,528</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$66,860,997</u>	<u>\$37,795,248</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 4,027,431	\$ 1,306,007
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(1,527,662)	359,060
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(660,508)	(1,003,855)
Purchases of non-derivative financial assets	(61,101,543)	(35,589,299)
Proceeds from sale of non-derivative financial assets	34,656,634	18,447,372
Accrued investment income	(423)	(460)
Net cash provided by (used in) operating activities	<u>(24,606,071)</u>	<u>(16,481,175)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	33,662,563	21,308,327
Amounts paid on redemption of redeemable units	(8,540,074)	(4,395,181)
Distributions to unitholders of redeemable units	(5,909)	(5,958)
Net cash provided by (used in) financing activities	<u>25,116,580</u>	<u>16,907,188</u>
Net increase (decrease) in cash	510,509	426,013
Cash (Bank Indebtedness) at beginning of period	926,441	500,428
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 1,436,950</u>	<u>\$ 926,441</u>
Interest received(1)	1,586,290	705,124
Dividends received, net of withholding taxes(1)	454,660	177,569

(1) Classified as operating items.

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

Scotia Selected Income Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 72.7%			
688,294	CI Signature Corporate Bond Fund Class I	7,266,393	7,330,329
1,157,388	Dynamic Aurion Total Return Bond Series O	11,922,064	12,141,000
2,637,322	Dynamic Canadian Bond Fund Series O	14,497,091	14,558,017
1,047,645	Scotia Canadian Income Fund Series I	14,055,211	14,572,949
		<u>47,740,759</u>	<u>48,602,295</u>
CANADIAN EQUITY FUNDS – 13.0%			
463,313	Dynamic Dividend Advantage Fund Series O	3,970,734	4,003,026
89,671	Scotia Canadian Dividend Fund Series I	4,233,178	4,696,180
		<u>8,203,912</u>	<u>8,699,206</u>
FOREIGN EQUITY FUNDS – 12.0%			
292,893	Scotia Global Dividend Fund Series I	4,574,186	4,652,835
64,448	Scotia Global Growth Fund Series I	3,119,583	3,345,180
		<u>7,693,769</u>	<u>7,998,015</u>
	TOTAL INVESTMENT PORTFOLIO	<u>63,638,440</u>	65,299,516
	OTHER ASSETS, LESS LIABILITIES – 2.3%		<u>1,561,481</u>
	NET ASSETS – 100.0%		<u>66,860,997</u>

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

Scotia Selected Income Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a combination of a steady flow of income with the potential for capital gains. It invests primarily in a diversified mix of equity and income mutual funds managed by us or by other mutual fund managers.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$615,729 or approximately 0.9% (December 31, 2013 – \$266,191 or approximately 0.7%, January 1, 2013 – \$15,866 or approximately 0.6%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 25.0% (December 31, 2013 – 29.0%, January 1, 2013 – 30.1%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$1,669,722 (December 31, 2013 – \$1,094,470, January 1, 2013 – \$80,233). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$70,531	\$ –	\$42,237	\$ –	\$1,126
Unrealized loss on currency forward contracts	–	–	–	–	–	–
Redeemable units	66,860,997	–	37,795,248	–	2,665,720	–
	\$66,860,997	\$70,531	\$37,795,248	\$42,237	\$2,665,720	\$1,126

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

Scotia Selected Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	72.7	68.0	45.4
Canadian Equity Funds	13.0	13.9	15.0
Foreign Equity Funds	12.0	15.1	15.1

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$65,299,516	\$ –	\$ –	\$65,299,516
<hr/>				
December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$36,666,437	\$ –	\$ –	\$36,666,437
<hr/>				
January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 2,012,872	\$ –	\$ –	\$ 2,012,872

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 423,458,562	\$ 4,652,835	7.0
CI Signature Corporate Bond Fund Class I	2,779,935,434	7,330,329	11.0
Dynamic Canadian Bond Fund Series O	1,713,889,460	14,558,017	21.7
Dynamic Dividend Advantage Fund Series O	976,645,997	4,003,026	6.0
Dynamic Aurion Total Return Bond Series O	772,301,187	12,141,000	18.2
Scotia Canadian Dividend Fund Series I	7,347,067,396	4,696,180	7.0
Scotia Canadian Income Fund Series I	5,990,064,451	14,572,949	21.8
Scotia Global Growth Fund Series I	606,644,389	3,345,180	5.0
		\$65,299,516	97.7

Scotia Selected Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Bond Fund Series I	\$ 356,748,889	\$ 5,113,203	13.5
CI Signature Enhanced Yield Fund Class I	1,378,943,114	5,234,300	13.9
CI Signature Corporate Bond Fund Class I	2,389,499,820	6,855,975	18.1
Dynamic Global Real Estate Fund Series O	178,941,213	1,728,150	4.6
Dynamic Dividend Advantage Fund Series O	639,135,574	1,765,099	4.7
Dynamic Global Infrastructure Fund Series O	426,415,580	1,744,944	4.6
Dynamic Alternative Yield Fund Series O	734,480,042	3,509,078	9.3
Scotia Canadian Dividend Fund Series I	6,027,537,970	1,762,148	4.7
Scotia Canadian Income Fund Series I	6,273,765,157	8,518,259	22.5
Scotia International Value Fund Series I	102,398,071	435,281	1.2
		\$36,666,437	97.0

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Bond Fund Series I	\$ 370,572,337	\$ 302,540	11.4
CI Signature Enhanced Yield Fund Class I	439,789,927	301,302	11.3
CI Signature Corporate Bond Fund Class I	1,999,923,202	403,367	15.1
Dynamic Global Real Estate Fund Series O	186,784,472	100,710	3.8
Dynamic Dividend Advantage Fund Series O	310,476,623	98,189	3.7
Dynamic Global Infrastructure Fund Series O	324,089,823	100,082	3.8
Dynamic Alternative Yield Fund Series O	396,512,232	202,042	7.6
Scotia Canadian Income Fund Series I	5,985,048,505	504,640	18.9
		\$ 2,012,872	75.5

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.57	10.57	10.26	10.26

Scotia Selected Balanced Income Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$782,404,299	\$651,841,570	\$438,460,573
Cash	3,794,006	3,232,979	2,750,738
Accrued investment income	3,682	3,125	2,224
Subscriptions receivable	1,307,469	903,354	546,673
	<u>787,509,456</u>	<u>655,981,028</u>	<u>441,760,208</u>
LIABILITIES			
Current liabilities			
Distributions payable	76,277	34,965	25,560
Redemptions payable	275,616	391,840	96,181
	<u>351,893</u>	<u>426,805</u>	<u>121,741</u>
Net Assets attributable to holders of redeemable units	<u>\$787,157,563</u>	<u>\$655,554,223</u>	<u>\$441,638,467</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$786,282,264	\$654,740,448	\$440,795,812
Advisor Series Units	\$ 875,299	\$ 813,775	\$ 842,655
UNITS OUTSTANDING			
Series A Units	60,273,954	52,919,505	37,526,288
Advisor Series Units	67,606	66,327	72,242
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 13.05	\$ 12.37	\$ 11.75
Advisor Series Units	\$ 12.95	\$ 12.27	\$ 11.66

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 5,212,167	\$ 7,504,202
Interest for distribution purposes	17,168,409	8,719,115
Capital gains distributions received	7,095,950	6,199,240
Net realized gain (loss) on non-derivative financial assets	15,957,635	3,869,565
Change in unrealized appreciation (depreciation) of non-derivative financial assets	27,333,000	22,700,769
Net gain (loss) on investments	<u>72,767,161</u>	<u>48,992,891</u>
Other income	13,208	13,527
Total income (loss)	<u>72,780,369</u>	<u>49,006,418</u>
EXPENSES		
Management fees (note 5)	11,758,830	8,527,865
Administration fees (note 6)	138,431	—
Harmonized Sales Tax/Goods and Services Tax	1,364,983	999,814
Audit fees	15,828	18,426
Independent Review Committee fees	1,498	796
Custodian fees	4,280	1,107
Filing fees	36,432	39,649
Legal fees	2,305	2,336
Unitholder reporting costs	27,244	28,907
Unitholder administration and service fees	148,291	198,609
Foreign withholding taxes/tax reclaims	305,542	264,263
Total expenses	<u>13,803,664</u>	<u>10,081,772</u>
Absorbed expenses	(12,076)	(11,481)
Net expenses	<u>13,791,588</u>	<u>10,070,291</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$58,988,781</u>	<u>\$38,936,127</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$58,924,286	\$38,888,240
Advisor Series Units	\$ 64,495	\$ 47,887
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.04	\$ 0.89
Advisor Series Units	\$ 0.98	\$ 0.66
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	56,573,789	43,672,707
Advisor Series Units	65,916	72,593

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 654,740,448	\$440,795,812
Advisor Series Units	813,775	842,655
	<u>655,554,223</u>	<u>441,638,467</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	58,924,286	38,888,240
Advisor Series Units	64,495	47,887
	<u>58,988,781</u>	<u>38,936,127</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(8,596,752)	(6,166,552)
Advisor Series Units	(5,252)	—
From realized gain		
Series A Units	(13,607,169)	(5,314,373)
Advisor Series Units	(15,163)	(6,609)
	<u>(22,224,336)</u>	<u>(11,487,534)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	179,359,147	255,011,784
Advisor Series Units	100,442	93,853
Reinvested distributions		
Series A Units	22,129,046	11,446,096
Advisor Series Units	19,473	6,404
Payments on redemption		
Series A Units	(106,666,742)	(79,920,559)
Advisor Series Units	(102,471)	(170,415)
	<u>94,838,895</u>	<u>186,467,163</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	131,541,816	213,944,636
Advisor Series Units	61,524	(28,880)
	<u>131,603,340</u>	<u>213,915,756</u>

NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	786,282,264	654,740,448
Advisor Series Units	875,299	813,775
	<u>\$ 787,157,563</u>	<u>\$655,554,223</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 58,988,781	\$ 38,936,127
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(15,957,635)	(3,869,565)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(27,333,000)	(22,700,769)
Purchases of non-derivative financial assets	(380,167,977)	(122,694,329)
Proceeds from sale of non-derivative financial assets	292,895,883	35,849,613
Accrued investment income	(557)	(901)
Net cash provided by (used in) operating activities	<u>(71,574,505)</u>	<u>(74,479,824)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	179,055,474	154,783,009
Amounts paid on redemption of redeemable units	(106,885,437)	(79,795,315)
Distributions to unitholders of redeemable units	(34,505)	(25,629)
Net cash provided by (used in) financing activities	<u>72,135,532</u>	<u>74,962,065</u>
Net increase (decrease) in cash	561,027	482,241
Cash (Bank Indebtedness) at beginning of period	3,232,979	2,750,738
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 3,794,006</u>	<u>\$ 3,232,979</u>
Interest received(1)	17,167,852	8,718,214
Dividends received, net of withholding taxes(1)	4,906,625	7,239,939

(1) Classified as operating items.

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

Scotia Selected Balanced Income Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 63.6%			
7,069,627	CI Signature Corporate Bond Fund Class I	75,192,489	75,291,533
12,015,911	Dynamic Aurion Total Return Bond Series O	121,431,975	126,046,906
27,082,885	Dynamic Canadian Bond Fund Series O	148,988,530	149,497,526
10,764,185	Scotia Canadian Income Fund Series I	143,287,250	149,731,969
		<u>488,900,244</u>	<u>500,567,934</u>
CANADIAN EQUITY FUNDS – 18.2%			
1,859,701	CI Cambridge Canadian Equity Corporate Class I	25,970,226	36,691,903
3,164,825	Dynamic Dividend Advantage Fund Series O	28,230,714	27,344,087
1,012,601	Dynamic Small Business Fund Series O	13,904,001	15,634,563
1,207,960	Scotia Canadian Dividend Fund Series I	47,327,572	63,262,217
		<u>115,432,513</u>	<u>142,932,770</u>
FOREIGN EQUITY FUNDS – 17.6%			
1,077,315	CI Black Creek International Equity Corp Class I	19,567,542	19,844,147
3,487,594	Scotia Global Dividend Fund Series I	44,998,371	55,403,223
831,285	Scotia Global Growth Fund Series I	31,540,052	43,147,788
1,493,902	Scotia U.S. Dividend Fund Series I	16,503,395	20,508,437
		<u>112,609,360</u>	<u>138,903,595</u>
	TOTAL INVESTMENT PORTFOLIO	<u>716,942,117</u>	<u>782,404,299</u>
	OTHER ASSETS, LESS LIABILITIES – 0.6%		<u>4,753,264</u>
	NET ASSETS – 100.0%		<u><u>787,157,563</u></u>

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

Scotia Selected Balanced Income Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of current income and long term capital appreciation, with a bias towards income. It invests primarily in a diversified mix of equity and income mutual funds managed by us and other mutual fund managers.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$6,338,075 or approximately 0.8% (December 31, 2013 – \$5,926,471 or approximately 0.9%, January 1, 2013 – \$4,024,949 or approximately 0.9%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 35.8% (December 31, 2013 – 36.4%, January 1, 2013 – 35.3%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$28,183,637 (December 31, 2013 – \$23,843,776, January 1, 2013 – \$15,615,262). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$351,893	\$ –	\$426,805	\$ –	\$121,741
Redeemable units	787,157,563	–	655,554,223	–	441,638,467	–
	\$787,157,563	\$351,893	\$655,554,223	\$426,805	\$441,638,467	\$121,741

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

Scotia Selected Balanced Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	63.6	63.0	63.9
Canadian Equity Funds	18.2	18.6	17.9
Foreign Equity Funds	17.6	17.8	17.4

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$782,404,299	\$ –	\$ –	\$782,404,299

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$651,841,570	\$ –	\$ –	\$651,841,570

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$438,460,573	\$ –	\$ –	\$438,460,573

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 423,458,562	\$ 55,403,223	7.0
Scotia U.S. Dividend Fund Series I	174,194,892	20,508,437	2.6
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	36,691,903	4.7
CI Black Creek International Equity Corp Class I	685,165,882	19,844,147	2.4
CI Signature Corporate Bond Fund Class I	2,779,935,434	75,291,533	9.6
Dynamic Small Business Fund Series O	559,673,399	15,634,563	2.0
Dynamic Canadian Bond Fund Series O	1,713,889,460	149,497,526	19.0
Dynamic Dividend Advantage Fund Series O	976,645,997	27,344,087	3.5
Dynamic Aurion Total Return Bond Series O	772,301,187	126,046,906	16.0
Scotia Canadian Dividend Fund Series I	7,347,067,396	63,262,217	8.0
Scotia Canadian Income Fund Series I	5,990,064,451	149,731,969	19.0
Scotia Global Growth Fund Series I	606,644,389	43,147,788	5.5
		\$782,404,299	99.4

Scotia Selected Balanced Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 325,394,479	\$ 58,089,916	8.9
Scotia Bond Fund Series I	356,748,889	123,764,228	18.9
Scotia U.S. Dividend Fund Series I	136,900,223	18,815,884	2.9
CI Cambridge Canadian Equity Corporate Class I	2,938,182,391	37,026,234	5.7
CI Signature Corporate Bond Fund Class I	2,389,499,820	41,589,675	6.3
Dynamic Small Business Fund Series O	761,979,399	30,351,134	4.6
Dynamic High Yield Bond Fund Series O	1,139,388,582	20,789,200	3.2
Dynamic Aurion Total Return Bond Series O	522,162,061	61,990,185	9.5
Scotia Canadian Dividend Fund Series I	6,027,537,970	54,470,361	8.3
Scotia Canadian Income Fund Series I	6,273,765,157	123,720,983	18.8
Scotia Global Growth Fund Series I	364,059,460	24,348,180	3.7
Scotia Mortgage Income Fund Series I	298,622,154	41,549,535	6.3
Scotia International Value Fund Series I	102,398,071	15,336,055	2.3
		\$651,841,570	99.4

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 91,580,509	\$ 15,644,265	3.5
Scotia Bond Fund Series I	370,572,337	84,925,848	19.2
Scotia U.S. Dividend Fund Series I	91,752,414	12,647,260	2.9
CI Cambridge Canadian Equity Corporate Class I	1,730,555,439	24,418,827	5.5
CI Global High Dividend Advantage Fund Class I	487,928,899	21,859,412	5.0
CI Signature Corporate Bond Fund Class I	1,999,923,202	28,122,211	6.4
Dynamic Small Business Fund Series O	692,781,628	19,372,379	4.4
Dynamic High Yield Bond Fund Series O	2,471,426,716	14,247,774	3.2
Dynamic Aurion Total Return Bond Series O	587,707,091	41,998,147	9.5
Scotia Canadian Dividend Fund Series I	4,574,752,946	35,325,212	8.0
Scotia Canadian Income Fund Series I	5,985,048,505	84,973,937	19.2
Scotia Global Growth Fund Series I	269,415,861	16,091,770	3.7
Scotia Mortgage Income Fund Series I	320,735,819	28,040,033	6.4
Scotia International Value Fund Series I	87,180,426	10,793,498	2.5
		\$438,460,573	99.4

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	13.05	13.05	12.37	12.37
Advisor Series	12.95	12.95	12.27	12.27

Scotia Selected Balanced Growth Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$1,327,193,058	\$1,176,250,488	\$977,478,143
Cash	2,160,353	5,980,292	2,785,636
Accrued investment income	1,904	5,118	2,742
Subscriptions receivable	1,305,996	1,238,846	795,417
	<u>1,330,661,311</u>	<u>1,183,474,744</u>	<u>981,061,938</u>
LIABILITIES			
Current liabilities			
Distributions payable	57,592,084	5,669	10,273
Redemptions payable	928,797	590,312	410,119
	<u>58,520,881</u>	<u>595,981</u>	<u>420,392</u>
Net Assets attributable to holders of redeemable units	<u>\$1,272,140,430</u>	<u>\$1,182,878,763</u>	<u>\$980,641,546</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$1,271,995,001	\$1,182,814,985	\$980,480,728
Advisor Series Units	\$ 119,664	\$ 63,778	\$ 69,734
Series F Units	\$ 25,765	\$ —	\$ 91,084
UNITS OUTSTANDING			
Series A Units	86,969,523	84,362,178	78,460,076
Advisor Series Units	8,356	4,636	5,659
Series F Units	1,787	—	7,406
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 14.63	\$ 14.02	\$ 12.50
Advisor Series Units	\$ 14.32	\$ 13.76	\$ 12.32
Series F Units	\$ 14.42	\$ —	\$ 12.30

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 14,324,062	\$ 20,165,819
Interest for distribution purposes	20,840,490	8,235,107
Capital gains distributions received	18,308,676	12,419,221
Net realized gain (loss) on non-derivative financial assets	57,883,084	11,269,597
Change in unrealized appreciation (depreciation) of non-derivative financial assets	24,248,032	98,679,753
Net gain (loss) on investments	<u>135,604,344</u>	<u>150,769,497</u>
Other income	19,182	14,850
Total income (loss)	<u>135,623,526</u>	<u>150,784,347</u>
EXPENSES		
Management fees (note 5)	22,365,846	18,688,260
Administration fees (note 6)	236,697	—
Harmonized Sales Tax/Goods and Services Tax	2,532,068	2,143,263
Audit fees	27,686	35,651
Independent Review Committee fees	2,627	1,806
Custodian fees	2,036	1,159
Filing fees	44,243	56,854
Legal fees	4,066	5,155
Unitholder reporting costs	46,494	49,988
Unitholder administration and service fees	259,312	393,478
Foreign withholding taxes/tax reclaims	716,157	760,394
Total expenses	<u>26,237,232</u>	<u>22,136,008</u>
Absorbed expenses	(13,426)	(13,480)
Net expenses	<u>26,223,806</u>	<u>22,122,528</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$109,399,720</u>	<u>\$128,661,819</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$109,391,252	\$128,649,136
Advisor Series Units	\$ 7,956	\$ 7,229
Series F Units	\$ 512	\$ 5,454
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.26	\$ 1.60
Advisor Series Units	\$ 1.05	\$ 1.38
Series F Units	\$ 0.29	\$ 0.74
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	86,681,409	80,286,756
Advisor Series Units	7,579	5,255
Series F Units	1,788	7,409

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

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

Scotia Selected Balanced Growth Portfolio (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$1,182,814,985	\$ 980,480,728
Advisor Series Units	63,778	69,734
Series F Units	–	91,084
	<u>1,182,878,763</u>	<u>980,641,546</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	109,391,252	128,649,136
Advisor Series Units	7,956	7,229
Series F Units	512	5,454
	<u>109,399,720</u>	<u>128,661,819</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(8,943,897)	(5,403,056)
Advisor Series Units	(499)	–
Series F Units	(632)	–
From realized gain		
Series A Units	(48,641,458)	–
Advisor Series Units	(4,563)	–
Series F Units	(1,002)	–
	<u>(57,592,051)</u>	<u>(5,403,056)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	205,340,806	221,595,010
Advisor Series Units	62,661	400
Series F Units	26,931	–
Reinvested distributions		
Series A Units	(171)	5,397,380
Payments on redemption		
Series A Units	(167,966,516)	(147,904,213)
Advisor Series Units	(9,669)	(13,585)
Series F Units	(44)	(96,538)
	<u>37,453,998</u>	<u>78,978,454</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	89,180,016	202,334,257
Advisor Series Units	55,886	(5,956)
Series F Units	25,765	(91,084)
	<u>89,261,667</u>	<u>202,237,217</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	1,271,995,001	1,182,814,985
Advisor Series Units	119,664	63,778
Series F Units	25,765	–
	<u>\$1,272,140,430</u>	<u>\$1,182,878,763</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 109,399,720	\$ 128,661,819
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(57,883,084)	(11,269,597)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(24,248,032)	(98,679,753)
Purchases of non-derivative financial assets	(501,611,364)	(137,806,972)
Proceeds from sale of non-derivative financial assets	432,799,910	96,110,353
Accrued investment income	3,214	(2,376)
Net cash provided by (used in) operating activities	<u>(41,539,636)</u>	<u>(22,986,526)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	205,363,248	174,025,606
Amounts paid on redemption of redeemable units	(167,637,744)	(147,834,143)
Distributions to unitholders of redeemable units	(5,807)	(10,280)
Net cash provided by (used in) financing activities	<u>37,719,697</u>	<u>26,181,182</u>
Net increase (decrease) in cash	(3,819,939)	3,194,656
Cash (Bank Indebtedness) at beginning of period	5,980,292	2,785,636
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 2,160,353</u>	<u>\$ 5,980,292</u>
Interest received(1)	20,843,704	8,232,731
Dividends received, net of withholding taxes(1)	13,607,905	19,405,425

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 46.1%			
10,944,415	CI Signature Corporate Bond Fund Class I	116,770,430	116,558,020
14,217,178	Dynamic Aurion Total Return Bond Series O	143,171,800	149,138,194
21,125,737	Dynamic Canadian Bond Fund Series O	116,242,614	116,614,070
8,355,728	Dynamic High Yield Bond Fund Series O	31,399,958	28,660,147
12,669,177	Scotia Canadian Income Fund Series I	167,785,625	176,230,786
		<u>575,370,427</u>	<u>587,201,217</u>
CANADIAN EQUITY FUNDS – 29.3%			
3,813,480	CI Cambridge Canadian Equity Corporate Class I	50,350,863	75,239,960
8,096,486	Dynamic Dividend Advantage Fund Series O	74,430,667	69,953,638
4,715,036	Dynamic Small Business Fund Series O	63,440,575	72,800,156
2,957,076	Scotia Canadian Dividend Fund Series I	108,755,683	154,865,313
		<u>296,977,788</u>	<u>372,859,067</u>
FOREIGN EQUITY FUNDS – 28.9%			
2,865,979	CI Black Creek International Equity Corp Class I	51,608,979	52,791,327
6,238,816	Scotia Global Dividend Fund Series I	77,607,450	99,108,589
1,561,284	Scotia Global Growth Fund Series I	49,381,879	81,038,276
3,384,690	Scotia Global Opportunities Fund Series I	38,309,896	38,025,974
2,209,372	Scotia Global Small Cap Fund Series I	19,960,741	21,281,996
3,366,630	Scotia International Value Fund Series I	23,392,045	26,189,686
3,547,244	Scotia U.S. Dividend Fund Series I	37,459,557	48,696,926
		<u>297,720,547</u>	<u>367,132,774</u>
TOTAL INVESTMENT PORTFOLIO		<u>1,170,068,762</u>	1,327,193,058
OTHER ASSETS, LESS LIABILITIES – (4.3)%			(55,052,628)
NET ASSETS – 100.0%			<u>1,272,140,430</u>

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

Scotia Selected Balanced Growth Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of current income and long term capital appreciation, with a small bias towards capital appreciation. It invests primarily in a diversified mix of equity and income mutual funds managed by us and other mutual fund managers. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$7,042,141 or approximately 0.6% (December 31, 2013 – \$7,089,410 or approximately 0.6%, January 1, 2013 – \$5,870,300 or approximately 0.6%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 58.2% (December 31, 2013 – 56.9%, January 1, 2013 – 55.1%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$73,999,184 (December 31, 2013 – \$67,225,967, January 1, 2013 – \$54,030,292). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$58,520,881	\$ –	\$595,981	\$ –	\$420,392
Redeemable units	1,272,140,430	–	1,182,878,763	–	980,641,546	–
	\$1,272,140,430	\$58,520,881	\$1,182,878,763	\$595,981	\$980,641,546	\$420,392

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

Scotia Selected Balanced Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	46.1	42.6	44.6
Canadian Equity Funds	29.3	28.7	27.9
Foreign Equity Funds	28.9	28.2	27.2

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,327,193,058	\$ –	\$ –	\$1,327,193,058

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,176,250,488	\$ –	\$ –	\$1,176,250,488

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 977,478,143	\$ –	\$ –	\$ 977,478,143

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 423,458,562	\$ 99,108,589	7.8
Scotia U.S. Dividend Fund Series I	174,194,892	48,696,926	3.8
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	75,239,960	5.9
CI Black Creek International Equity Corp Class I	685,165,882	52,791,327	4.1
CI Signature Corporate Bond Fund Class I	2,779,935,434	116,558,020	9.2
Dynamic Small Business Fund Series O	559,673,399	72,800,156	5.7
Dynamic Canadian Bond Fund Series O	1,713,889,460	116,614,070	9.2
Dynamic Dividend Advantage Fund Series O	976,645,997	69,953,638	5.5
Dynamic High Yield Bond Fund Series O	849,677,494	28,660,147	2.2
Dynamic Aurion Total Return Bond Series O	772,301,187	149,138,194	11.7
Scotia Canadian Dividend Fund Series I	7,347,067,396	154,865,313	12.2
Scotia Canadian Income Fund Series I	5,990,064,451	176,230,786	13.8
Scotia Global Growth Fund Series I	606,644,389	81,038,276	6.4
Scotia Global Opportunities Fund Series I	115,314,440	38,025,974	3.0
Scotia Global Small Cap Fund Series I	46,217,104	21,281,996	1.7
Scotia International Value Fund Series I	98,114,785	26,189,686	2.1
		\$1,327,193,058	104.3

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

Scotia Selected Balanced Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 325,394,479	\$ 115,169,004	9.8
Scotia Bond Fund Series I	356,748,889	101,426,424	8.6
Scotia U.S. Dividend Fund Series I	136,900,223	70,369,717	6.0
CI Cambridge Canadian Equity Corporate Class I	2,938,182,391	116,187,936	9.8
CI Signature Corporate Bond Fund Class I	2,389,499,820	51,654,508	4.4
Dynamic Small Business Fund Series O	761,979,399	82,880,118	7.0
Dynamic High Yield Bond Fund Series O	1,139,388,582	51,244,824	4.3
Dynamic Aurion Total Return Bond Series O	522,162,061	124,573,974	10.5
Scotia Canadian Dividend Fund Series I	6,027,537,970	139,873,473	11.8
Scotia Canadian Income Fund Series I	6,273,765,157	123,982,773	10.5
Scotia Global Growth Fund Series I	364,059,460	98,775,581	8.4
Scotia Mortgage Income Fund Series I	298,622,154	51,108,317	4.3
Scotia International Value Fund Series I	102,398,071	49,003,839	4.1
		\$1,176,250,488	99.5

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 91,580,509	\$ 39,703,569	4.1
Scotia Bond Fund Series I	370,572,337	87,522,556	8.9
Scotia U.S. Dividend Fund Series I	91,752,414	56,087,417	5.7
CI Cambridge Canadian Equity Corporate Class I	1,730,555,439	96,462,942	9.8
CI Global High Dividend Advantage Fund Class I	487,928,899	52,624,511	5.4
CI Signature Corporate Bond Fund Class I	1,999,923,202	44,369,921	4.5
Dynamic Small Business Fund Series O	692,781,628	67,224,279	6.9
Dynamic High Yield Bond Fund Series O	2,471,426,716	44,135,485	4.5
Dynamic Aurion Total Return Bond Series O	587,707,091	109,163,023	11.1
Scotia Canadian Dividend Fund Series I	4,574,752,946	110,202,362	11.2
Scotia Canadian Income Fund Series I	5,985,048,505	108,344,156	11.1
Scotia Global Growth Fund Series I	269,415,861	79,495,948	8.1
Scotia Mortgage Income Fund Series I	320,735,819	43,640,086	4.5
Scotia International Value Fund Series I	87,180,426	38,501,888	3.9
		\$ 977,478,143	99.7

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	14.63	14.63	14.02	14.02
Advisor Series	14.32	14.32	13.76	13.76
Series F	14.42	14.42	—	—

Scotia Selected Growth Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$907,758,176	\$772,075,975	\$602,259,063
Cash	2,574,674	3,912,191	2,107,555
Accrued investment income	3,138	3,260	1,481
Subscriptions receivable	1,151,546	894,751	382,335
	<u>911,487,534</u>	<u>776,886,177</u>	<u>604,750,434</u>
LIABILITIES			
Current liabilities			
Distributions payable	14,839	—	38
Redemptions payable	351,441	140,940	379,109
	<u>366,280</u>	<u>140,940</u>	<u>379,147</u>
Net Assets attributable to holders of redeemable units	<u>\$911,121,254</u>	<u>\$776,745,237</u>	<u>\$604,371,287</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$910,901,941	\$776,683,170	\$604,318,280
Advisor Series Units	\$ 36,627	\$ 33,570	\$ 29,597
Series F Units	\$ 182,686	\$ 28,497	\$ 23,410
UNITS OUTSTANDING			
Series A Units	53,974,408	49,285,608	45,514,463
Advisor Series Units	2,295	2,246	2,388
Series F Units	10,380	1,756	1,756
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 16.88	\$ 15.76	\$ 13.28
Advisor Series Units	\$ 15.96	\$ 14.95	\$ 12.39
Series F Units	\$ 17.60	\$ 16.23	\$ 13.33

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$11,996,554	\$ 13,045,381
Interest for distribution purposes	8,740,449	2,479,994
Capital gains distributions received	20,522,187	9,263,013
Net realized gain (loss) on non-derivative financial assets	38,899,601	5,626,590
Change in unrealized appreciation (depreciation) of non-derivative financial assets	18,328,838	101,918,644
Net gain (loss) on investments	<u>98,487,629</u>	<u>132,333,622</u>
Other income	11,685	15,850
Total income (loss)	<u>98,499,314</u>	<u>132,349,472</u>
EXPENSES		
Management fees (note 5)	16,321,446	12,872,490
Administration fees (note 6)	160,957	—
Harmonized Sales Tax/Goods and Services Tax	1,768,379	1,416,224
Audit fees	18,527	22,822
Independent Review Committee fees	1,758	1,134
Custodian fees	2,393	1,089
Filing fees	38,542	48,459
Legal fees	2,706	3,228
Unitholder reporting costs	33,130	33,658
Unitholder administration and service fees	175,148	253,398
Foreign withholding taxes/tax reclaims	723,159	570,980
Total expenses	<u>19,246,145</u>	<u>15,223,482</u>
Absorbed expenses	(15,153)	(15,820)
Net expenses	<u>19,230,992</u>	<u>15,207,662</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$79,268,322</u>	<u>\$117,141,810</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$79,256,524	\$117,130,674
Advisor Series Units	\$ 3,178	\$ 6,049
Series F Units	\$ 8,620	\$ 5,087
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.53	\$ 2.50
Advisor Series Units	\$ 1.42	\$ 2.55
Series F Units	\$ 1.14	\$ 2.90
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	51,687,739	46,884,626
Advisor Series Units	2,244	2,374
Series F Units	7,549	1,756

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 776,683,170	\$604,318,280
Advisor Series Units	33,570	29,597
Series F Units	28,497	23,410
	<u>776,745,237</u>	<u>604,371,287</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	79,256,524	117,130,674
Advisor Series Units	3,178	6,049
Series F Units	8,620	5,087
	<u>79,268,322</u>	<u>117,141,810</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From realized gain		
Series A Units	(22,498,743)	—
Advisor Series Units	(905)	—
Series F Units	(4,512)	—
	<u>(22,504,160)</u>	<u>—</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	165,739,707	152,176,433
Series F Units	175,097	—
Reinvested distributions		
Series A Units	22,483,904	(6)
Advisor Series Units	905	—
Series F Units	4,512	—
Payments on redemption		
Series A Units	(110,762,621)	(96,942,211)
Advisor Series Units	(121)	(2,076)
Series F Units	(29,528)	—
	<u>77,611,855</u>	<u>55,232,140</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	134,218,771	172,364,890
Advisor Series Units	3,057	3,973
Series F Units	154,189	5,087
	<u>134,376,017</u>	<u>172,373,950</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	910,901,941	776,683,170
Advisor Series Units	36,627	33,570
Series F Units	182,686	28,497
	<u>\$ 911,121,254</u>	<u>\$776,745,237</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 79,268,322	\$ 117,141,810
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(38,899,601)	(5,626,590)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(18,328,838)	(101,918,644)
Purchases of non-derivative financial assets	(274,429,490)	(100,356,949)
Proceeds from sale of non-derivative financial assets	195,975,728	55,456,022
Accrued investment income	122	(1,779)
Net cash provided by (used in) operating activities	<u>(56,413,757)</u>	<u>(35,306,130)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	165,658,009	134,293,266
Amounts paid on redemption of redeemable units	(110,581,769)	(97,182,456)
Distributions to unitholders of redeemable units	—	(44)
Net cash provided by (used in) financing activities	<u>55,076,240</u>	<u>37,110,766</u>
Net increase (decrease) in cash	(1,337,517)	1,804,636
Cash (Bank Indebtedness) at beginning of period	3,912,191	2,107,555
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 2,574,674</u>	<u>\$ 3,912,191</u>
Interest received(1)	8,740,571	2,478,215
Dividends received, net of withholding taxes(1)	11,273,395	12,474,401

(1) Classified as operating items.

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

Scotia Selected Growth Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 24.5%			
6,252,384	CI Signature Corporate Bond Fund Class I	66,433,060	66,587,890
5,363,183	Dynamic Aurion Total Return Bond Series O	54,045,553	56,259,795
6,427,963	Dynamic High Yield Bond Fund Series O	24,193,214	22,047,915
5,650,389	Scotia Canadian Income Fund Series I	75,501,151	78,598,034
		<u>220,172,978</u>	<u>223,493,634</u>
CANADIAN EQUITY FUNDS – 37.6%			
2,659,375	CI Cambridge Canadian Equity Corporate Class I	34,725,678	52,469,476
3,845,321	Dynamic Dividend Advantage Fund Series O	35,284,681	33,223,577
4,317,607	Dynamic Small Business Fund Series O	58,390,449	66,663,850
4,444,126	Dynamic Value Fund of Canada Series O	46,482,403	51,196,332
1,998,415	Scotia Canadian Dividend Fund Series I	74,782,261	104,659,199
413,787	Scotia Canadian Growth Fund Series I	26,351,461	34,184,034
		<u>276,016,933</u>	<u>342,396,468</u>
FOREIGN EQUITY FUNDS – 37.5%			
5,527,640	Scotia Global Dividend Fund Series I	79,449,997	87,810,988
1,709,125	Scotia Global Growth Fund Series I	61,527,014	88,711,966
4,476,736	Scotia Global Opportunities Fund Series I	41,529,613	50,294,789
1,735,171	Scotia Global Small Cap Fund Series I	12,876,071	16,714,206
5,780,611	Scotia International Value Fund Series I	43,408,488	44,968,532
3,887,471	Scotia U.S. Dividend Fund Series I	46,097,622	53,367,593
		<u>284,888,805</u>	<u>341,868,074</u>
	TOTAL INVESTMENT PORTFOLIO	<u>781,078,716</u>	<u>907,758,176</u>
	OTHER ASSETS, LESS LIABILITIES – 0.4%		<u>3,363,078</u>
	NET ASSETS – 100.0%		<u>911,121,254</u>

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

Scotia Selected Growth Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of current income and long term capital appreciation, with a bias towards capital appreciation. It invests primarily in a diversified mix of equity and income mutual funds managed by us and other mutual fund managers. The portfolio is an asset allocation fund that allocates investments between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$2,481,783 or approximately 0.3% (December 31, 2013 – \$2,364,565 or approximately 0.3%, January 1, 2013 – \$1,751,340 or approximately 0.3%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 75.1% (December 31, 2013 – 75.9%, January 1, 2013 – 75.1%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$68,426,454 (December 31, 2013 – \$58,922,518, January 1, 2013 – \$45,422,659). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$366,280	\$ –	\$140,940	\$ –	\$379,147
Redeemable units	911,121,254	–	776,745,237	–	604,371,287	–
	\$911,121,254	\$366,280	\$776,745,237	\$140,940	\$604,371,287	\$379,147

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

Scotia Selected Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	24.5	23.5	24.5
Canadian Equity Funds	37.6	37.6	37.7
Foreign Equity Funds	37.5	38.3	37.4

Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$907,758,176	\$ –	\$ –	\$907,758,176

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$772,075,975	\$ –	\$ –	\$772,075,975

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$602,259,063	\$ –	\$ –	\$602,259,063

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 423,458,562	\$ 87,810,988	9.7
Scotia U.S. Dividend Fund Series I	174,194,892	53,367,593	5.9
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	52,469,476	5.8
CI Signature Corporate Bond Fund Class I	2,779,935,434	66,587,890	7.3
Dynamic Small Business Fund Series O	559,673,399	66,663,850	7.3
Dynamic Dividend Advantage Fund Series O	976,645,997	33,223,577	3.6
Dynamic High Yield Bond Fund Series O	849,677,494	22,047,915	2.4
Dynamic Aurion Total Return Bond Series O	772,301,187	56,259,795	6.2
Dynamic Value Fund of Canada Series O	2,253,505,288	51,196,332	5.6
Scotia Canadian Dividend Fund Series I	7,347,067,396	104,659,199	11.5
Scotia Canadian Growth Fund Series I	382,919,844	34,184,034	3.8
Scotia Canadian Income Fund Series I	5,990,064,451	78,598,034	8.6
Scotia Global Growth Fund Series I	606,644,389	88,711,966	9.7
Scotia Global Opportunities Fund Series I	115,314,440	50,294,789	5.5
Scotia Global Small Cap Fund Series I	46,217,104	16,714,206	1.8
Scotia International Value Fund Series I	98,114,785	44,968,532	4.9
		\$907,758,176	99.6

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

Scotia Selected Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 325,394,479	\$ 43,572,193	5.6
Scotia U.S. Dividend Fund Series I	136,900,223	23,731,625	3.1
CI Cambridge Canadian Equity Corporate Class I	2,938,182,391	45,705,694	5.9
CI Signature Corporate Bond Fund Class I	2,389,499,820	45,871,113	5.9
Dynamic Small Business Fund Series O	761,979,399	72,539,170	9.3
Dynamic High Yield Bond Fund Series O	1,139,388,582	27,552,593	3.5
Dynamic Aurion Total Return Bond Series O	522,162,061	54,801,987	7.1
Dynamic Value Fund of Canada Series O	2,068,628,283	42,346,779	5.4
Scotia Canadian Dividend Fund Series I	6,027,537,970	88,479,318	11.4
Scotia Canadian Growth Fund Series I	395,520,651	42,851,858	5.5
Scotia Canadian Income Fund Series I	6,273,765,157	54,625,099	7.0
Scotia Global Growth Fund Series I	364,059,460	104,668,237	13.5
Scotia Global Opportunities Fund Series I	84,705,765	60,421,726	7.8
Scotia Global Small Cap Fund Series I	60,043,760	45,043,830	5.8
Scotia International Value Fund Series I	102,398,071	19,864,753	2.6
		\$772,075,975	99.4

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia U.S. Dividend Fund Series I	\$ 91,752,414	\$ 17,845,996	3.0
CI Cambridge Canadian Equity Corporate Class I	1,730,555,439	36,307,971	6.0
CI Global High Dividend Advantage Fund Class I	487,928,899	32,890,320	5.4
CI Signature Corporate Bond Fund Class I	1,999,923,202	37,413,832	6.2
Dynamic Small Business Fund Series O	692,781,628	56,184,768	9.3
Dynamic High Yield Bond Fund Series O	2,471,426,716	21,963,043	3.6
Dynamic Aurion Total Return Bond Series O	587,707,091	44,520,383	7.4
Dynamic Value Fund of Canada Series O	1,700,601,124	32,841,284	5.4
Scotia Canadian Dividend Fund Series I	4,574,752,946	69,102,171	11.4
Scotia Canadian Growth Fund Series I	368,568,356	33,556,306	5.6
Scotia Canadian Income Fund Series I	5,985,048,505	44,135,213	7.3
Scotia Global Growth Fund Series I	269,415,861	79,004,101	13.1
Scotia Global Opportunities Fund Series I	68,069,853	46,101,396	7.6
Scotia Global Small Cap Fund Series I	49,813,445	34,129,312	5.6
Scotia International Value Fund Series I	87,180,426	16,262,967	2.7
		\$602,259,063	99.6

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	16.88	16.88	15.76	15.76
Advisor Series	15.96	15.96	14.95	14.95
Series F	17.60	17.60	16.23	16.23

Scotia Selected Maximum Growth Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$211,115,886	\$170,030,872	\$126,306,911
Cash	2,055,291	1,761,806	775,411
Accrued investment income	1,893	1,488	575
Subscriptions receivable	449,748	253,305	145,415
	<u>213,622,818</u>	<u>172,047,471</u>	<u>127,228,312</u>
LIABILITIES			
Current liabilities			
Redemptions payable	129,531	113,839	74,737
Net Assets attributable to holders of redeemable units	<u>\$213,493,287</u>	<u>\$171,933,632</u>	<u>\$127,153,575</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$213,061,846	\$171,930,470	\$127,143,975
Advisor Series Units	\$ 430,866	\$ 3,162	\$ 9,600
Series F Units	\$ 575	\$ —	\$ —
UNITS OUTSTANDING			
Series A Units	11,939,619	10,573,774	9,601,140
Advisor Series Units	24,247	195	732
Series F Units	32	—	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 17.84	\$ 16.26	\$ 13.24
Advisor Series Units	\$ 17.77	\$ 16.24	\$ 13.12
Series F Units	\$ 18.03	\$ —	\$ —

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 3,008,033	\$ 2,783,151
Interest for distribution purposes	859,001	1,326,777
Capital gains distributions received	6,387,946	914,921
Net realized gain (loss) on non-derivative financial assets	9,257,635	988,786
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>3,387,036</u>	<u>28,215,145</u>
Net gain (loss) on investments	22,899,651	34,228,780
Other income	5,507	6,063
Total income (loss)	<u>22,905,158</u>	<u>34,234,843</u>
EXPENSES		
Management fees (note 5)	4,132,722	3,099,475
Administration fees (note 6)	52,163	—
Harmonized Sales Tax/Goods and Services Tax	436,603	332,502
Audit fees	4,206	4,821
Independent Review Committee fees	401	246
Custodian fees	1,475	522
Filing fees	25,772	28,722
Legal fees	615	700
Unitholder reporting costs	11,677	12,444
Unitholder administration and service fees	46,005	62,523
Overdraft charges	788	—
Foreign withholding taxes/tax reclaims	<u>198,594</u>	<u>146,966</u>
Total expenses	4,911,021	3,688,921
Absorbed expenses	<u>(14,806)</u>	<u>(12,887)</u>
Net expenses	<u>4,896,215</u>	<u>3,676,034</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$18,008,943</u>	<u>\$30,558,809</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$17,986,649	\$30,557,764
Advisor Series Units	\$ 22,259	\$ 1,045
Series F Units	\$ 35	\$ —
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.57	\$ 3.04
Advisor Series Units	\$ 1.20	\$ 3.38
Series F Units	\$ 1.35	\$ —
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	11,482,583	10,068,313
Advisor Series Units	18,593	309
Series F Units	26	—

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

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

Scotia Selected Maximum Growth Portfolio (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$171,930,470	\$127,143,975
Advisor Series Units	3,162	9,600
	<u>171,933,632</u>	<u>127,153,575</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	17,986,649	30,557,764
Advisor Series Units	22,259	1,045
Series F Units	35	–
	<u>18,008,943</u>	<u>30,558,809</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	–	(86,179)
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	51,710,051	37,789,612
Advisor Series Units	428,432	827
Series F Units	540	–
Reinvested distributions		
Series A Units	9	86,179
Payments on redemption		
Series A Units	(28,565,333)	(23,560,881)
Advisor Series Units	(22,987)	(8,310)
	<u>23,550,712</u>	<u>14,307,427</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	41,131,376	44,786,495
Advisor Series Units	427,704	(6,438)
Series F Units	575	–
	<u>41,559,655</u>	<u>44,780,057</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	213,061,846	171,930,470
Advisor Series Units	430,866	3,162
Series F Units	575	–
	<u>\$213,493,287</u>	<u>\$171,933,632</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 18,008,943	\$ 30,558,809
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(9,257,635)	(988,786)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(3,387,036)	(28,215,145)
Purchases of non-derivative financial assets	(78,803,384)	(23,455,663)
Proceeds from sale of non-derivative financial assets	50,363,041	8,935,633
Accrued investment income	(405)	(913)
Net cash provided by (used in) operating activities	<u>(23,076,476)</u>	<u>(13,166,065)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	51,942,580	37,682,549
Amounts paid on redemption of redeemable units	(28,572,628)	(23,530,089)
Distributions to unitholders of redeemable units	9	–
Net cash provided by (used in) financing activities	<u>23,369,961</u>	<u>14,152,460</u>
Net realized (gain) loss foreign exchange on cash	–	–
Net increase (decrease) in cash	293,485	986,395
Cash (Bank Indebtedness) at beginning of period	1,761,806	775,411
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 2,055,291</u>	<u>\$ 1,761,806</u>
Interest received(1)	858,596	1,325,864
Dividends received, net of withholding taxes(1)	2,809,439	2,636,185

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 9.6%			
574,885	CI Signature Corporate Bond Fund Class I	6,127,035	6,122,528
395,138	Dynamic Aurion Total Return Bond Series O	3,982,982	4,144,992
890,763	Dynamic High Yield Bond Fund Series O	3,317,965	3,055,318
517,314	Scotia Canadian Income Fund Series I	6,975,090	7,195,935
		<u>20,403,072</u>	<u>20,518,773</u>
CANADIAN EQUITY FUNDS – 43.8%			
720,702	CI Cambridge Canadian Equity Corporate Class I	9,758,761	14,219,459
1,195,488	Dynamic Small Business Fund Series O	16,288,846	18,458,337
2,411,220	Dynamic Value Fund of Canada Series O	26,463,123	27,777,256
363,609	Scotia Canadian Dividend Fund Series I	13,934,748	19,042,604
169,081	Scotia Canadian Growth Fund Series I	10,856,532	13,968,206
		<u>77,302,010</u>	<u>93,465,862</u>
FOREIGN EQUITY FUNDS – 45.5%			
1,365,693	Scotia Global Dividend Fund Series I	20,002,601	21,695,132
413,905	Scotia Global Growth Fund Series I	14,234,215	21,483,710
1,549,341	Scotia Global Opportunities Fund Series I	13,979,500	17,406,379
523,900	Scotia Global Small Cap Fund Series I	3,906,081	5,046,523
2,134,955	Scotia International Value Fund Series I	16,141,985	16,608,239
1,084,729	Scotia U.S. Dividend Fund Series I	13,160,951	14,891,268
		<u>81,425,333</u>	<u>97,131,251</u>
	TOTAL INVESTMENT PORTFOLIO	<u>179,130,415</u>	<u>211,115,886</u>
	OTHER ASSETS, LESS LIABILITIES – 1.1%		<u>2,377,401</u>
	NET ASSETS – 100.0%		<u>213,493,287</u>

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

Scotia Selected Maximum Growth Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long term capital appreciation. It invests primarily in a diversified mix of equity mutual funds, with additional stability derived from investments in income mutual funds, managed by us and other mutual fund managers. The portfolio is an asset allocation fund that allocates investments between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$221,710 or approximately 0.1% (December 31, 2013 – \$193,149 or approximately 0.1%, January 1, 2013 – \$126,366 or approximately 0.1%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 89.3% (December 31, 2013 – 89.4%, January 1, 2013 – 89.9%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$19,059,711 (December 31, 2013 – \$15,372,004, January 1, 2013 – \$11,426,978). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$129,531	\$ –	\$113,839	\$ –	\$74,737
Redeemable units	213,493,287	–	171,933,632	–	127,153,575	–
	\$213,493,287	\$129,531	\$171,933,632	\$113,839	\$127,153,575	\$74,737

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

Scotia Selected Maximum Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	9.6	9.5	9.5
Canadian Equity Funds	43.8	43.5	44.4
Foreign Equity Funds	45.5	45.9	45.4

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$211,115,886	\$ –	\$ –	\$211,115,886

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$170,030,872	\$ –	\$ –	\$170,030,872

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$126,306,911	\$ –	\$ –	\$126,306,911

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreements whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 423,458,562	\$ 21,695,132	10.2
Scotia U.S. Dividend Fund Series I	174,194,892	14,891,268	7.0
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	14,219,459	6.7
CI Signature Corporate Bond Fund Class I	2,779,935,434	6,122,528	2.9
Dynamic Small Business Fund Series O	559,673,399	18,458,337	8.6
Dynamic High Yield Bond Fund Series O	849,677,494	3,055,318	1.4
Dynamic Aurion Total Return Bond Series O	772,301,187	4,144,992	1.9
Dynamic Value Fund of Canada Series O	2,253,505,288	27,777,256	13.0
Scotia Canadian Dividend Fund Series I	7,347,067,396	19,042,604	8.9
Scotia Canadian Growth Fund Series I	382,919,844	13,968,206	6.5
Scotia Canadian Income Fund Series I	5,990,064,451	7,195,935	3.4
Scotia Global Growth Fund Series I	606,644,389	21,483,710	10.1
Scotia Global Opportunities Fund Series I	115,314,440	17,406,379	8.1
Scotia Global Small Cap Fund Series I	46,217,104	5,046,523	2.4
Scotia International Value Fund Series I	98,114,785	16,608,239	7.8
		\$211,115,886	98.9

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

Scotia Selected Maximum Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 325,394,479	\$ 7,766,403	4.5
Scotia U.S. Dividend Fund Series I	136,900,223	6,085,348	3.5
CI Cambridge Canadian Equity Corporate Class I	2,938,182,391	11,089,961	6.5
CI Signature Corporate Bond Fund Class I	2,389,499,820	4,907,563	2.9
Dynamic Small Business Fund Series O	761,979,399	18,608,953	10.8
Dynamic High Yield Bond Fund Series O	1,139,388,582	3,276,259	1.9
Dynamic Aurion Total Return Bond Series O	522,162,061	4,881,136	2.8
Dynamic Value Fund of Canada Series O	2,068,628,283	14,982,201	8.7
Scotia Canadian Dividend Fund Series I	6,027,537,970	14,985,600	8.7
Scotia Canadian Growth Fund Series I	395,520,651	15,203,777	8.9
Scotia Canadian Income Fund Series I	6,273,765,157	3,245,873	1.9
Scotia Global Growth Fund Series I	364,059,460	31,459,668	18.3
Scotia Global Opportunities Fund Series I	84,705,765	15,834,231	9.2
Scotia Global Small Cap Fund Series I	60,043,760	12,065,714	7.0
Scotia International Value Fund Series I	102,398,071	5,638,185	3.3
		\$170,030,872	98.9

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia U.S. Dividend Fund Series I	\$ 91,752,414	\$ 4,641,008	3.6
CI Cambridge Canadian Equity Corporate Class I	1,730,555,439	8,447,327	6.6
CI Global High Dividend Advantage Fund Class I	487,928,899	5,567,275	4.4
CI Signature Corporate Bond Fund Class I	1,999,923,202	3,653,605	2.9
Dynamic Small Business Fund Series O	692,781,628	14,275,906	11.2
Dynamic High Yield Bond Fund Series O	2,471,426,716	2,362,419	1.9
Dynamic Aurion Total Return Bond Series O	587,707,091	3,637,548	2.9
Dynamic Value Fund of Canada Series O	1,700,601,124	11,157,034	8.8
Scotia Canadian Dividend Fund Series I	4,574,752,946	11,393,538	9.0
Scotia Canadian Growth Fund Series I	368,568,356	11,235,538	8.8
Scotia Canadian Income Fund Series I	5,985,048,505	2,383,561	1.9
Scotia Global Growth Fund Series I	269,415,861	22,913,595	18.0
Scotia Global Opportunities Fund Series I	68,069,853	11,518,553	9.0
Scotia Global Small Cap Fund Series I	49,813,445	8,725,129	6.9
Scotia International Value Fund Series I	87,180,426	4,394,875	3.4
		\$126,306,911	99.3

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	17.84	17.84	16.26	16.26
Advisor Series	17.77	17.77	16.24	16.24
Series F	18.03	18.03	—	—

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

Scotia Partners Income Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$642,032,701	\$537,718,238	\$333,145,944
Cash	3,645,449	2,194,328	6,648,243
Accrued investment income	3,094	1,154	4,058
Subscriptions receivable	1,368,385	736,197	1,170,931
	<u>647,049,629</u>	<u>540,649,917</u>	<u>340,969,176</u>
LIABILITIES			
Current liabilities			
Distributions payable	206,055	75,907	79,100
Redemptions payable	517,588	363,040	102,065
	<u>723,643</u>	<u>438,947</u>	<u>181,165</u>
Net Assets attributable to holders of redeemable units	<u>\$646,325,986</u>	<u>\$540,210,970</u>	<u>\$340,788,011</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$646,325,986</u>	<u>\$540,210,970</u>	<u>\$340,788,011</u>
UNITS OUTSTANDING			
Series A Units	<u>58,859,025</u>	<u>50,627,257</u>	<u>32,822,473</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 10.98</u>	<u>\$ 10.67</u>	<u>\$ 10.38</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 6,021,475	\$ 4,862,639
Interest for distribution purposes	19,100,792	14,501,405
Capital gains distributions received	4,093,409	2,200,745
Net realized gain (loss) on non-derivative financial assets	13,046,638	2,895,947
Change in unrealized appreciation (depreciation) of non-derivative financial assets	10,933,276	8,779,245
Net gain (loss) on investments	<u>53,195,590</u>	<u>33,239,981</u>
Other income	14,363	19,446
Total income (loss)	<u>53,209,953</u>	<u>33,259,427</u>
EXPENSES		
Management fees (note 5)	10,838,080	8,935,968
Administration fees (note 6)	114,163	—
Harmonized Sales Tax/Goods and Services Tax	1,177,581	977,684
Audit fees	12,892	16,653
Independent Review Committee fees	1,223	827
Custodian fees	189	2,828
Filing fees	26,431	42,333
Legal fees	1,876	2,421
Unitholder reporting costs	22,273	25,127
Unitholder administration and service fees	110,249	148,041
Overdraft charges	62	2,976
Foreign withholding taxes/tax reclaims	22,136	—
Total expenses	<u>12,327,155</u>	<u>10,154,858</u>
Net expenses	<u>12,327,155</u>	<u>10,154,858</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$40,882,798</u>	<u>\$23,104,569</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$40,882,798</u>	<u>\$23,104,569</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 0.75</u>	<u>\$ 0.49</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	<u>54,426,553</u>	<u>47,117,901</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	<u>\$ 540,210,970</u>	<u>\$ 340,788,011</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	<u>40,882,798</u>	<u>23,104,569</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(12,809,475)	(9,228,631)
From realized gain		
Series A Units	<u>(12,786,047)</u>	<u>(2,428,202)</u>
	<u>(25,595,522)</u>	<u>(11,656,833)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	181,842,518	289,005,638
Reinvested distributions		
Series A Units	25,244,997	11,476,767
Payments on redemption		
Series A Units	<u>(116,259,775)</u>	<u>(112,507,182)</u>
	<u>90,827,740</u>	<u>187,975,223</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	<u>106,115,016</u>	<u>199,422,959</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$ 646,325,986</u>	<u>\$ 540,210,970</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 40,882,798	\$ 23,104,569
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(13,046,638)	(2,895,947)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(10,933,276)	(8,779,245)
Purchases of non-derivative financial assets	(364,441,937)	(245,087,083)
Proceeds from sale of non-derivative financial assets	284,107,388	52,189,981
Accrued investment income	(1,940)	2,904
Net cash provided by (used in) operating activities	<u>(63,433,605)</u>	<u>(181,464,821)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	181,210,330	289,440,372
Amounts paid on redemption of redeemable units	(116,105,227)	(112,246,207)
Distributions to unitholders of redeemable units	<u>(220,377)</u>	<u>(183,259)</u>
Net cash provided by (used in) financing activities	<u>64,884,726</u>	<u>177,010,906</u>
Net increase (decrease) in cash	1,451,121	(4,453,915)
Cash (Bank Indebtedness) at beginning of period	2,194,328	6,648,243
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 3,645,449</u>	<u>\$ 2,194,328</u>
Interest received(1)	19,101,946	14,504,309
Dividends received, net of withholding taxes(1)	5,999,339	4,862,639

(1) Classified as operating items.

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

Scotia Partners Income Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 74.0%			
6,724,419	CI Signature Corporate Bond Fund Class I	70,893,354	71,615,066
9,265,503	Dynamic Aurion Total Return Bond Series O	95,411,481	97,195,127
21,505,514	Dynamic Canadian Bond Fund Series O	118,201,175	118,710,437
6,685,821	PIMCO Monthly Income Fund (Canada) Class I	93,526,350	96,157,489
8,758,395	Scotia Private Canadian Corporate Bond Pool Series I	93,679,093	94,903,339
		<u>471,711,453</u>	<u>478,581,458</u>
CANADIAN EQUITY FUNDS – 13.1%			
826,356	CI Cambridge Canadian Equity Corporate Class I	15,510,694	16,303,996
1,675,740	CI Canadian Dividend Fund Series I	26,710,413	29,844,932
2,778,232	Dynamic Equity Income Fund Series O	16,808,253	19,003,107
917,424	Dynamic Global Real Estate Fund Series O	7,081,968	8,431,125
712,770	Dynamic Small Business Fund Series O	9,916,261	11,005,171
		<u>76,027,589</u>	<u>84,588,331</u>
FOREIGN EQUITY FUNDS – 12.2%			
1,194,326	AGF Global Dividend Fund Series I	25,755,803	26,537,920
516,023	Dynamic Global Infrastructure Fund Series O	6,168,057	8,406,010
1,028,556	Invesco International Growth Fund Series I	8,551,983	8,333,357
1,934,794	Mackenzie Ivy Foreign Equity Fund Series O	19,237,695	23,713,798
337,050	Mackenzie US Mid Cap Growth Class Series O	10,535,480	11,871,827
		<u>70,249,018</u>	<u>78,862,912</u>
	TOTAL INVESTMENT PORTFOLIO	<u>617,988,060</u>	<u>642,032,701</u>
	OTHER ASSETS, LESS LIABILITIES – 0.7%		<u>4,293,285</u>
	NET ASSETS – 100.0%		<u>646,325,986</u>

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

Scotia Partners Income Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a combination of a steady flow of income with the potential for capital gains. It invests primarily in a diversified mix of equity and income mutual funds managed by other mutual fund managers and by us.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$4,385,683 or approximately 0.7% (December 31, 2013 – \$3,299,502 or approximately 0.6%, January 1, 2013 – \$2,130,369 or approximately 0.6%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 25.3% (December 31, 2013 – 30.4%, January 1, 2013 – 29.3%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$16,345,124 (December 31, 2013 – \$16,469,745, January 1, 2013 – \$9,975,560). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$723,643	\$ –	\$438,947	\$ –	\$181,165
Redeemable units	646,325,986	–	540,210,970	–	340,788,011	–
	\$646,325,986	\$723,643	\$540,210,970	\$438,947	\$340,788,011	\$181,165

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

Scotia Partners Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	74.0	69.1	68.5
Canadian Equity Funds	13.1	23.3	22.5
Foreign Equity Funds	12.2	7.1	6.8

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$642,032,701	\$ –	\$ –	\$642,032,701

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$537,718,238	\$ –	\$ –	\$537,718,238

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$333,145,944	\$ –	\$ –	\$333,145,944

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
AGF Global Dividend Fund Series I	\$ 928,562,391	\$ 26,537,920	4.1
Invesco International Growth Fund Series I	386,346,380	8,333,357	1.3
CI Canadian Dividend Fund Series I	284,390,723	29,844,932	4.6
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	16,303,996	2.5
CI Signature Corporate Bond Fund Class I	2,779,935,434	71,615,066	11.1
Dynamic Global Real Estate Fund Series O	187,183,394	8,431,125	1.3
Dynamic Small Business Fund Series O	559,673,399	11,005,171	1.7
Dynamic Equity Income Fund Series O	1,900,219,456	19,003,107	2.9
Dynamic Canadian Bond Fund Series O	1,713,889,460	118,710,437	18.4
Dynamic Global Infrastructure Fund Series O	564,666,720	8,406,010	1.3
Dynamic Aurion Total Return Bond Series O	772,301,187	97,195,127	15.0
Mackenzie US Mid Cap Growth Class Series O	369,797,950	11,871,827	1.8
Mackenzie Ivy Foreign Equity Fund Series O	460,416,750	23,713,798	3.7
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	96,157,489	14.9
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	94,903,339	14.7
		\$642,032,701	99.3

Scotia Partners Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI Canadian Dividend Fund Series I	\$ 299,711,723	\$ 33,500,999	6.2
CI Signature Corporate Bond Fund Class I	2,389,499,820	112,364,756	20.8
Dynamic Global Real Estate Fund Series O	178,941,213	16,029,081	3.0
Dynamic Small Business Fund Series O	761,979,399	22,042,047	4.1
Dynamic Equity Income Fund Series O	1,960,388,331	54,504,253	10.1
Dynamic Global Infrastructure Fund Series O	426,415,580	16,502,370	3.0
Mackenzie Ivy Foreign Equity Fund Series O	383,839,224	22,118,696	4.1
PIMCO Monthly Income Fund (Canada) Class I	4,609,811,090	74,872,911	13.8
Scotia Private Canadian Corporate Bond Pool Series I	3,288,773,907	74,479,302	13.8
Scotia Canadian Income Fund Series I	6,273,765,157	111,303,823	20.6
		\$537,718,238	99.5

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI Signature Corporate Bond Fund Class I	\$1,999,923,202	\$ 70,033,196	20.6
Dynamic Global Real Estate Fund Series O	186,784,472	9,903,487	2.9
Dynamic Small Business Fund Series O	692,781,628	13,379,542	3.9
Dynamic Equity Income Fund Series O	1,813,340,514	33,462,798	9.8
Dynamic Global Infrastructure Fund Series O	324,089,823	9,843,843	2.9
Mackenzie Ivy Foreign Equity Fund Series O	256,100,858	13,255,660	3.9
PIMCO Monthly Income Fund (Canada) Class I	2,168,381,620	46,680,356	13.7
Scotia Private Canadian Corporate Bond Pool Series I	2,956,176,796	46,576,656	13.7
Scotia Canadian Income Fund Series I	5,985,048,505	70,100,140	20.6
Bissett Canadian Dividend Fund Series O	1	19,910,266	5.8
		\$333,145,944	97.8

6. Comparison of Net Asset Value per unit and net Assets per unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.98	10.98	10.67	10.67

Scotia Partners Balanced Income Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$960,931,288	\$694,131,613	\$497,222,703
Cash	5,449,733	4,783,510	3,601,621
Accrued investment income	4,842	800	2,319
Subscriptions receivable	1,892,358	1,223,427	780,943
	<u>968,278,221</u>	<u>700,139,350</u>	<u>501,607,586</u>
LIABILITIES			
Current liabilities			
Distributions payable	55,990	30,724	48,939
Redemptions payable	424,970	281,029	181,142
	<u>480,960</u>	<u>311,753</u>	<u>230,081</u>
Net Assets attributable to holders of redeemable units	<u>\$967,797,261</u>	<u>\$699,827,597</u>	<u>\$501,377,505</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$967,779,158	\$699,810,578	\$501,342,279
Series F Units	\$ 18,103	\$ 17,019	\$ 35,226
UNITS OUTSTANDING			
Series A Units	71,548,986	54,609,704	41,184,509
Series F Units	1,340	1,332	2,819
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 13.53	\$ 12.81	\$ 12.17
Series F Units	\$ 13.51	\$ 12.77	\$ 12.50

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 6,434,426	\$ 4,683,361
Interest for distribution purposes	21,842,069	16,024,796
Capital gains distributions received	5,466,529	3,632,757
Net realized gain (loss) on non-derivative financial assets	13,096,277	5,123,857
Change in unrealized appreciation (depreciation) of non-derivative financial assets	33,434,736	24,259,348
Net gain (loss) on investments	<u>80,274,037</u>	<u>53,724,119</u>
Other income	16,554	21,521
Total income (loss)	<u>80,290,591</u>	<u>53,745,640</u>
EXPENSES		
Management fees (note 5)	15,925,692	11,110,815
Administration fees (note 6)	168,551	—
Harmonized Sales Tax/Goods and Services Tax	1,780,913	1,255,361
Audit fees	18,280	20,480
Independent Review Committee fees	1,725	998
Custodian fees	3,409	1,724
Filing fees	26,965	39,529
Legal fees	2,607	2,841
Unitholder reporting costs	28,338	28,025
Unitholder administration and service fees	147,890	201,108
Overdraft charges	—	103
Foreign withholding taxes/tax reclaims	38,696	35,040
Total expenses	<u>18,143,066</u>	<u>12,696,024</u>
Absorbed expenses	(2,096)	(3,329)
Net expenses	<u>18,140,970</u>	<u>12,692,695</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$62,149,621</u>	<u>\$41,052,945</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$62,148,140	\$41,052,259
Series F Units	\$ 1,481	\$ 686
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.97	\$ 0.86
Series F Units	\$ 1.11	\$ 0.40
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	64,235,664	47,731,591
Series F Units	1,332	1,727

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$ 699,810,578	\$501,342,279
Series F Units	17,019	35,226
	<u>699,827,597</u>	<u>501,377,505</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	62,148,140	41,052,259
Series F Units	1,481	686
	<u>62,149,621</u>	<u>41,052,945</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(10,151,755)	(8,036,735)
Series F Units	(324)	(247)
From realized gain		
Series A Units	(9,515,912)	(3,852,734)
Series F Units	(182)	(95)
	<u>(19,668,173)</u>	<u>(11,889,811)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	327,818,783	246,075,469
Series F Units	—	10,735
Reinvested distributions		
Series A Units	19,612,204	11,857,703
Series F Units	109	72
Payments on redemption		
Series A Units	(121,942,880)	(88,627,663)
Series F Units	—	(29,358)
	<u>225,488,216</u>	<u>169,286,958</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	267,968,580	198,468,299
Series F Units	1,084	(18,207)
	<u>267,969,664</u>	<u>198,450,092</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	967,779,158	699,810,578
Series F Units	18,103	17,019
	<u>\$ 967,797,261</u>	<u>\$699,827,597</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 62,149,621	\$ 41,052,945
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(13,096,277)	(5,123,857)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(33,434,736)	(24,259,348)
Purchases of non-derivative financial assets	(434,340,978)	(220,104,703)
Proceeds from sale of non-derivative financial assets	214,072,316	52,578,997
Accrued investment income	(4,042)	1,519
Net cash provided by (used in) operating activities	<u>(204,654,096)</u>	<u>(155,854,447)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	327,149,852	245,643,720
Amounts paid on redemption of redeemable units	(121,798,939)	(88,557,134)
Distributions to unitholders of redeemable units	(30,594)	(50,250)
Net cash provided by (used in) financing activities	<u>205,320,319</u>	<u>157,036,336</u>
Net increase (decrease) in cash	666,223	1,181,889
Cash (Bank Indebtedness) at beginning of period	4,783,510	3,601,621
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 5,449,733</u>	<u>\$ 4,783,510</u>
Interest received(1)	21,842,869	16,026,315
Dividends received, net of withholding taxes(1)	6,395,730	4,648,321

(1) Classified as operating items.

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

Scotia Partners Balanced Income Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 64.0%			
8,699,181	CI Signature Corporate Bond Fund Class I	92,483,614	92,646,276
9,085,672	Dynamic Aurion Total Return Bond Series O	93,585,382	95,308,699
11,197,578	Dynamic Canadian Bond Fund Series O	61,160,910	61,810,633
6,451,691	PIMCO Monthly Income Fund (Canada) Class I	91,571,069	92,790,157
11,067,007	Scotia Canadian Income Fund Series I	150,619,023	153,944,279
11,337,152	Scotia Private Canadian Corporate Bond Pool Series I	118,660,319	122,845,974
		<u>608,080,317</u>	<u>619,346,018</u>
CANADIAN EQUITY FUNDS – 18.1%			
1,704,858	CI Cambridge Canadian Equity Corporate Class I	27,212,535	33,636,849
2,136,265	CI Canadian Dividend Fund Series I	34,622,768	38,046,884
1,374,271	Dynamic Global Real Estate Fund Series O	11,440,790	12,629,549
1,535,178	Dynamic Small Business Fund Series O	21,533,631	23,703,150
1,279,623	Scotia Canadian Dividend Fund Series I	51,763,450	67,015,278
		<u>146,573,174</u>	<u>175,031,710</u>
FOREIGN EQUITY FUNDS – 17.2%			
891,463	AGF Global Dividend Fund Series I	16,578,483	19,808,313
773,641	Dynamic Global Infrastructure Fund Series O	11,790,887	12,602,618
1,798,040	Invesco International Growth Fund Series I	11,960,053	14,567,717
3,625,484	Mackenzie Ivy Foreign Equity Fund Series O	40,090,500	44,435,743
544,061	Mackenzie Emerging Markets Class Series O	15,209,203	17,004,177
647,653	Mackenzie US Mid Cap Growth Class Series O	13,488,815	22,812,080
273,405	Mawer International Equity Fund Class O	10,007,378	12,425,536
669,402	Mawer U.S. Equity Fund Class O	14,965,006	22,897,376
		<u>134,090,325</u>	<u>166,553,560</u>
	TOTAL INVESTMENT PORTFOLIO	<u>888,743,816</u>	<u>960,931,288</u>
	OTHER ASSETS, LESS LIABILITIES – 0.7%		<u>6,865,973</u>
	NET ASSETS – 100.0%		<u>967,797,261</u>

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

Scotia Partners Balanced Income Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of current income and long term capital appreciation, with a bias towards income. It invests primarily in a diversified mix of equity and income mutual funds managed by other mutual fund managers and by us. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$6,742,448 or approximately 0.7% (December 31, 2013 – \$5,343,178 or approximately 0.8%, January 1, 2013 – \$3,892,915 or approximately 0.8%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 35.3% (December 31, 2013 – 36.5%, January 1, 2013 – 35.5%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$34,158,527 (December 31, 2013 – \$25,535,837, January 1, 2013 – \$17,813,726). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$480,960	\$ –	\$311,753	\$ –	\$230,081
Redeemable units	967,797,261	–	699,827,597	–	501,377,505	–
	\$967,797,261	\$480,960	\$699,827,597	\$311,753	\$501,377,505	\$230,081

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

Scotia Partners Balanced Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	64.0	62.7	63.7
Canadian Equity Funds	18.1	20.9	20.2
Foreign Equity Funds	17.2	15.6	15.3

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$960,931,288	\$ –	\$ –	\$960,931,288
<hr/>				
December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$694,131,613	\$ –	\$ –	\$694,131,613
<hr/>				
January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$497,222,703	\$ –	\$ –	\$497,222,703

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
AGF Global Dividend Fund Series I	\$ 928,562,391	\$ 19,808,313	2.0
Invesco International Growth Fund Series I	386,346,380	14,567,717	1.5
CI Canadian Dividend Fund Series I	284,390,723	38,046,884	3.9
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	33,636,849	3.5
CI Signature Corporate Bond Fund Class I	2,779,935,434	92,646,276	9.6
Dynamic Global Real Estate Fund Series O	187,183,394	12,629,549	1.3
Dynamic Small Business Fund Series O	559,673,399	23,703,150	2.4
Dynamic Canadian Bond Fund Series O	1,713,889,460	61,810,633	6.4
Dynamic Global Infrastructure Fund Series O	564,666,720	12,602,618	1.3
Dynamic Aurion Total Return Bond Series O	772,301,187	95,308,699	9.9
Mackenzie US Mid Cap Growth Class Series O	369,797,950	22,812,080	2.4
Mawer International Equity Fund Class O	3,198,224,451	12,425,536	1.3
Mawer U.S. Equity Fund Class O	1,947,576,693	22,897,376	2.4
Mackenzie Emerging Markets Class Series O	428,262,234	17,004,177	1.8
Mackenzie Ivy Foreign Equity Fund Series O	460,416,750	44,435,743	4.6
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	92,790,157	9.6
Scotia Canadian Dividend Fund Series I	7,347,067,396	67,015,278	6.9
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	122,845,974	12.6
Scotia Canadian Income Fund Series I	5,990,064,451	153,944,279	15.9
		\$960,931,288	99.3

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

Scotia Partners Balanced Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
AGF Global Dividend Fund Series I	\$ 784,279,436	\$ 21,944,176	3.1
CI Cambridge Canadian Equity Corporate Class I	2,938,182,391	14,460,895	2.1
CI Canadian Dividend Fund Series I	299,711,723	29,255,431	4.2
CI Signature Corporate Bond Fund Class I	2,389,499,820	66,030,592	9.4
Dynamic Canadian Bond Fund Series O	1,343,453,701	87,941,345	12.6
Dynamic Small Business Fund Series O	761,979,399	29,113,951	4.2
Invesco International Growth Fund Series I	295,457,018	11,018,449	1.6
Mackenzie Emerging Markets Class Series O	368,848,484	10,796,499	1.6
Mackenzie Ivy Foreign Equity Fund Series O	383,839,224	16,372,236	2.3
Mackenzie US Mid Cap Growth Class Series O	249,725,314	12,777,926	1.8
Mawer International Equity Fund Class O	2,305,357,249	16,610,410	2.4
Mawer U.S. Equity Fund Class O	1,479,739,176	19,994,888	2.9
PIMCO Monthly Income Fund (Canada) Class I	4,609,811,090	44,029,917	6.3
Scotia Canadian Dividend Fund Series I	6,027,537,970	73,013,512	10.4
Scotia Canadian Income Fund Series I	6,273,765,157	174,998,524	25.0
Scotia Private Canadian Corporate Bond Pool Series I	3,288,773,907	65,772,862	9.4
		\$694,131,613	99.3

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Invesco International Growth Fund Series I	\$ 211,501,546	\$ 7,748,318	1.5
CI Cambridge Canadian Equity Corporate Class I	1,730,555,439	10,104,449	2.0
CI Global High Dividend Advantage Fund Class I	487,928,899	15,085,843	3.0
CI Signature Corporate Bond Fund Class I	1,999,923,202	48,073,811	9.6
Dynamic Small Business Fund Series O	692,781,628	19,993,586	4.0
Dynamic Canadian Bond Fund Series O	1,612,015,783	63,325,557	12.7
Mackenzie US Mid Cap Growth Class Series O	174,569,431	8,951,762	1.8
Mawer International Equity Fund Class O	1,563,200,057	11,817,218	2.4
Mawer U.S. Equity Fund Class O	815,846,239	14,010,077	2.8
Mackenzie Emerging Markets Class Series O	278,037,207	7,732,817	1.5
Mackenzie Ivy Foreign Equity Fund Series O	256,100,858	11,463,574	2.3
PIMCO Monthly Income Fund (Canada) Class I	2,168,381,620	32,376,648	6.5
Scotia Canadian Dividend Fund Series I	4,574,752,946	50,746,214	10.1
Scotia Private Canadian Corporate Bond Pool Series I	2,956,176,796	47,488,801	9.5
Scotia Canadian Income Fund Series I	5,985,048,505	127,820,623	25.4
Bissett Canadian Dividend Fund Series O	1	20,483,405	4.1
		\$497,222,703	99.2

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	13.53	13.53	12.81	12.81
Series F	13.51	13.51	12.77	12.77

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

Scotia Partners Balanced Growth Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$2,394,969,958	\$1,961,000,244	\$1,536,126,823
Cash	12,537,853	12,512,796	5,020,241
Accrued investment income	11,383	9,121	3,376
Subscriptions receivable	2,460,690	2,638,686	1,271,907
	<u>2,409,979,884</u>	<u>1,976,160,847</u>	<u>1,542,422,347</u>
LIABILITIES			
Current liabilities			
Distributions payable	143,346	26,463	36,620
Redemptions payable	1,629,947	838,262	641,014
	<u>1,773,293</u>	<u>864,725</u>	<u>677,634</u>
Net Assets attributable to holders of redeemable units	<u>\$2,408,206,591</u>	<u>\$1,975,296,122</u>	<u>\$1,541,744,713</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$2,407,922,168	\$1,975,156,149	\$1,541,624,350
Series F Units	<u>\$ 284,423</u>	<u>\$ 139,973</u>	<u>\$ 120,363</u>
UNITS OUTSTANDING			
Series A Units	153,787,800	132,164,861	115,420,216
Series F Units	<u>17,190</u>	<u>8,821</u>	<u>8,503</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 15.66	\$ 14.94	\$ 13.36
Series F Units	<u>\$ 16.55</u>	<u>\$ 15.87</u>	<u>\$ 14.16</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 22,865,791	\$ 19,999,252
Interest for distribution purposes	33,675,416	25,954,796
Capital gains distributions received	29,997,393	14,200,518
Net realized gain (loss) on non-derivative financial assets	88,710,999	28,448,769
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>60,794,138</u>	<u>166,146,947</u>
Net gain (loss) on investments	236,043,737	254,750,282
Other income	19,116	30,007
Total income (loss)	<u>236,062,853</u>	<u>254,780,289</u>
EXPENSES		
Management fees (note 5)	44,940,282	34,979,167
Administration fees (note 6)	340,272	—
Harmonized Sales Tax/Goods and Services Tax	4,953,965	3,908,811
Audit fees	48,132	58,633
Independent Review Committee fees	4,572	2,961
Custodian fees	2,688	1,965
Filing fees	54,877	83,159
Legal fees	7,013	8,415
Unitholder reporting costs	64,550	65,665
Unitholder administration and service fees	376,836	558,420
Overdraft charges	—	18
Foreign withholding taxes/tax reclaims	304,227	199,706
Total expenses	<u>51,097,414</u>	<u>39,866,920</u>
Absorbed expenses	<u>(1,838)</u>	<u>(2,989)</u>
Net expenses	<u>51,095,576</u>	<u>39,863,931</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$184,967,277</u>	<u>\$214,916,358</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$184,952,323	\$214,899,088
Series F Units	<u>\$ 14,954</u>	<u>\$ 17,270</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.29	\$ 1.74
Series F Units	<u>\$ 1.43</u>	<u>\$ 1.96</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	143,209,226	123,205,269
Series F Units	<u>10,460</u>	<u>8,833</u>

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

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

Scotia Partners Balanced Growth Portfolio (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$1,975,156,149	\$1,541,624,350
Series F Units	139,973	120,363
	<u>1,975,296,122</u>	<u>1,541,744,713</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	184,952,323	214,899,088
Series F Units	14,954	17,270
	<u>184,967,277</u>	<u>214,916,358</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(1,674,374)	(2,909,952)
Series F Units	(3,851)	(1,046)
From realized gain		
Series A Units	(85,872,447)	(17,264,474)
Series F Units	(10,231)	(1,223)
	<u>(87,560,903)</u>	<u>(20,176,695)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	508,223,516	424,207,743
Series F Units	180,554	30,859
Reinvested distributions		
Series A Units	87,406,462	20,147,931
Series F Units	11,590	2,269
Payments on redemption		
Series A Units	(260,269,461)	(205,548,537)
Series F Units	(48,566)	(28,519)
	<u>335,504,095</u>	<u>238,811,746</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	432,766,019	433,531,799
Series F Units	144,450	19,610
	<u>432,910,469</u>	<u>433,551,409</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	2,407,922,168	1,975,156,149
Series F Units	284,423	139,973
	<u>\$2,408,206,591</u>	<u>\$1,975,296,122</u>

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 38.9%			
8,788,961	CI Signature Corporate Bond Fund Class I	88,585,460	93,602,439
16,958,831	Dynamic Canadian Bond Fund Series O	93,346,080	93,612,747
9,686,870	PIMCO Monthly Income Fund (Canada) Class I	142,409,835	139,319,469
26,994,589	Scotia Canadian Income Fund Series I	367,115,185	375,500,127
21,672,364	Scotia Private Canadian Corporate Bond Pool Series I	225,893,532	234,835,237
		<u>917,350,092</u>	<u>936,870,019</u>
CANADIAN EQUITY FUNDS – 29.9%			
7,004,078	CI Cambridge Canadian Equity Corporate Class I	74,071,900	138,190,460
5,870,526	CI Canadian Dividend Fund Series I	93,917,567	104,554,069
6,655,366	Dynamic Value Fund of Canada Series O	82,378,182	76,669,814
5,639,272	Scotia Canadian Dividend Fund Series I	227,082,412	295,334,867
6,753,866	Trimark Canadian Small Companies Fund Series I	115,555,402	106,184,281
		<u>593,005,463</u>	<u>720,933,491</u>
FOREIGN EQUITY FUNDS – 30.6%			
3,295,855	AGF Global Dividend Fund Series I	59,860,828	73,233,898
8,686,459	Dynamic Global Equity Fund Series O	93,495,255	95,898,507
8,949,033	Invesco International Growth Fund Series I	56,779,934	72,505,064
6,027,582	Mackenzie Ivy Foreign Equity Fund Series O	59,726,244	73,877,065
2,263,094	Mackenzie Emerging Markets Class Series O	60,945,512	70,731,188
2,500,754	Mackenzie US Mid Cap Growth Class Series O	41,649,851	88,083,322
1,351,952	Mawer International Equity Fund Class O	47,183,708	61,442,562
2,598,481	Mawer U.S. Equity Fund Class O	55,349,274	88,882,876
2,167,656	Scotia Global Growth Fund Series I	104,692,816	112,511,966
		<u>579,683,422</u>	<u>737,166,448</u>
TOTAL INVESTMENT PORTFOLIO		<u>2,090,038,977</u>	<u>2,394,969,958</u>
OTHER ASSETS, LESS LIABILITIES – 0.6%			13,236,633
NET ASSETS – 100.0%			<u>2,408,206,591</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 184,967,277	\$ 214,916,358
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(88,710,999)	(28,448,769)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(60,794,138)	(166,146,947)
Purchases of non-derivative financial assets	(917,480,481)	(474,123,569)
Proceeds from sale of non-derivative financial assets	633,015,905	243,845,865
Accrued investment income	(2,262)	(5,745)
Net cash provided by (used in) operating activities	<u>(249,004,698)</u>	<u>(209,962,807)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	508,582,066	422,871,823
Amounts paid on redemption of redeemable units	(259,526,342)	(205,379,808)
Distributions to unitholders of redeemable units	(25,969)	(36,653)
Net cash provided by (used in) financing activities	<u>249,029,755</u>	<u>217,455,362</u>
Net increase (decrease) in cash	25,057	7,492,555
Cash (Bank Indebtedness) at beginning of period	12,512,796	5,020,241
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 12,537,853</u>	<u>\$ 12,512,796</u>
Interest received(1)	33,673,154	25,949,051
Dividends received, net of withholding taxes(1)	22,561,564	19,799,546

(1) Classified as operating items.

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

Scotia Partners Balanced Growth Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of current income and long term capital appreciation, with a small bias towards capital appreciation. It invests primarily in a diversified mix of equity and income mutual funds managed by other mutual fund managers and by us. The Fund is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$11,144,011 or approximately 0.5% (December 31, 2013 – \$8,511,301 or approximately 0.4%, January 1, 2013 – \$6,863,585 or approximately 0.4%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 60.5% (December 31, 2013 – 61.3%, January 1, 2013 – 60.7%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$145,809,994 (December 31, 2013 – \$121,140,017, January 1, 2013 – \$93,542,858). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$1,773,293	\$ –	\$864,725	\$ –	\$677,634
Redeemable units	2,408,206,591	–	1,975,296,122	–	1,541,744,713	–
	\$2,408,206,591	\$1,773,293	\$1,975,296,122	\$864,725	\$1,541,744,713	\$677,634

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

Scotia Partners Balanced Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	38.9	37.9	39.0
Canadian Equity Funds	29.9	30.4	29.9
Foreign Equity Funds	30.6	31.0	30.7

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,394,969,958	\$ –	\$ –	\$2,394,969,958

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,961,000,244	\$ –	\$ –	\$1,961,000,244

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,536,126,823	\$ –	\$ –	\$1,536,126,823

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
AGF Global Dividend Fund Series I	\$ 928,562,391	\$ 73,233,898	3.0
Trimark Canadian Small Companies Fund Series I	684,703,887	106,184,281	4.4
Invesco International Growth Fund Series I	386,346,380	72,505,064	3.0
CI Canadian Dividend Fund Series I	284,390,723	104,554,069	4.3
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	138,190,460	5.7
CI Signature Corporate Bond Fund Class I	2,779,935,434	93,602,439	3.9
Dynamic Canadian Bond Fund Series O	1,713,889,460	93,612,747	3.9
Dynamic Global Equity Fund Series O	372,698,233	95,898,507	4.0
Dynamic Value Fund of Canada Series O	2,253,505,288	76,669,814	3.2
Mackenzie US Mid Cap Growth Class Series O	369,797,950	88,083,322	3.7
Mawer International Equity Fund Class O	3,198,224,451	61,442,562	2.5
Mawer U.S. Equity Fund Class O	1,947,576,693	88,882,876	3.7
Mackenzie Emerging Markets Class Series O	428,262,234	70,731,188	2.9
Mackenzie Ivy Foreign Equity Fund Series O	460,416,750	73,877,065	3.1
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	139,319,469	5.8
Scotia Canadian Dividend Fund Series I	7,347,067,396	295,334,867	12.3
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	234,835,237	9.7
Scotia Canadian Income Fund Series I	5,990,064,451	375,500,127	15.6
Scotia Global Growth Fund Series I	606,644,389	112,511,966	4.7
		\$2,394,969,958	99.4

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

Scotia Partners Balanced Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
AGF Global Dividend Fund Series I	\$ 784,279,436	\$ 106,989,611	5.4
Invesco International Growth Fund Series I	295,457,018	61,866,336	3.1
CI Canadian Dividend Fund Series I	299,711,723	120,531,750	6.1
CI Cambridge Canadian Equity Corporate Class I	2,938,182,391	119,104,100	6.0
CI Signature Corporate Bond Fund Class I	2,389,499,820	112,987,165	5.7
Dynamic Small Business Fund Series O	761,979,399	119,841,922	6.1
Dynamic Canadian Bond Fund Series O	1,343,453,701	112,548,277	5.7
Mackenzie US Mid Cap Growth Class Series O	249,725,314	71,445,651	3.6
Mawer International Equity Fund Class O	2,305,357,249	92,441,001	4.7
Mawer U.S. Equity Fund Class O	1,479,739,176	111,480,942	5.7
Mackenzie Emerging Markets Class Series O	368,848,484	60,171,324	3.0
Mackenzie Ivy Foreign Equity Fund Series O	383,839,224	107,006,039	5.4
PIMCO Global Advantage Strategy Bond Fund (Canada) Class I	421,153,449	112,344,714	5.7
Scotia Canadian Dividend Fund Series I	6,027,537,970	240,521,492	12.2
Scotia Private Canadian Corporate Bond Pool Series I	3,288,773,907	149,869,357	7.6
Scotia Canadian Income Fund Series I	6,273,765,157	261,850,563	13.3
		\$1,961,000,244	99.3

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Invesco International Growth Fund Series I	\$ 211,501,546	\$ 48,581,389	3.1
CI Cambridge Canadian Equity Corporate Class I	1,730,555,439	93,534,498	6.1
CI Global High Dividend Advantage Fund Class I	487,928,899	80,960,787	5.2
CI Signature Corporate Bond Fund Class I	1,999,923,202	92,196,554	6.0
Dynamic Small Business Fund Series O	692,781,628	90,686,809	5.9
Dynamic Canadian Bond Fund Series O	1,612,015,783	91,327,579	5.9
Mackenzie US Mid Cap Growth Class Series O	174,569,431	55,507,764	3.6
Mawer International Equity Fund Class O	1,563,200,057	71,849,797	4.7
Mawer U.S. Equity Fund Class O	815,846,239	86,227,164	5.6
Mackenzie Emerging Markets Class Series O	278,037,207	48,633,294	3.1
Mackenzie Ivy Foreign Equity Fund Series O	256,100,858	81,989,728	5.3
PIMCO Global Advantage Strategy Bond Fund (Canada) Class I	309,141,723	87,762,903	5.7
Scotia Canadian Dividend Fund Series I	4,574,752,946	183,512,222	11.9
Scotia Private Canadian Corporate Bond Pool Series I	2,956,176,796	118,737,830	7.7
Scotia Canadian Income Fund Series I	5,985,048,505	210,673,379	13.7
Bissett Canadian Dividend Fund Series O	1	93,945,126	6.1
		\$1,536,126,823	99.6

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	15.66	15.66	14.94	14.94
Series F	16.55	16.55	15.87	15.87

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

Scotia Partners Growth Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$2,914,596,016	\$2,393,688,163	\$1,726,283,612
Cash	10,042,096	14,841,771	5,462,148
Accrued investment income	10,890	11,030	14,632
Subscriptions receivable	2,714,790	2,767,434	1,294,870
	<u>2,927,363,792</u>	<u>2,411,308,398</u>	<u>1,733,055,262</u>
LIABILITIES			
Current liabilities			
Distributions payable	97,446	—	19,720
Redemptions payable	2,020,732	782,515	615,968
	<u>2,118,178</u>	<u>782,515</u>	<u>635,688</u>
Net Assets attributable to holders of redeemable units	<u>\$2,925,245,614</u>	<u>\$2,410,525,883</u>	<u>\$1,732,419,574</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$2,923,015,967	\$2,408,724,836	\$1,731,114,895
Series F Units	<u>\$ 2,229,647</u>	<u>\$ 1,801,047</u>	<u>\$ 1,304,679</u>
UNITS OUTSTANDING			
Series A Units	151,696,322	132,421,566	113,151,791
Series F Units	<u>105,393</u>	<u>90,767</u>	<u>78,911</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 19.27	\$ 18.19	\$ 15.30
Series F Units	<u>\$ 21.16</u>	<u>\$ 19.84</u>	<u>\$ 16.53</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 20,009,767	\$ 20,046,154
Interest for distribution purposes	28,285,927	16,766,377
Capital gains distributions received	64,090,952	41,692,417
Net realized gain (loss) on non-derivative financial assets	117,697,073	6,616,507
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>73,950,505</u>	<u>319,446,263</u>
Net gain (loss) on investments	304,034,224	404,567,718
Other income	34,815	33,421
Total income (loss)	<u>304,069,039</u>	<u>404,601,139</u>
EXPENSES		
Management fees (note 5)	59,030,628	44,024,358
Administration fees (note 6)	414,542	—
Harmonized Sales Tax/Goods and Services Tax	6,208,541	4,715,463
Audit fees	58,888	69,599
Independent Review Committee fees	5,604	3,365
Custodian fees	2,945	1,603
Filing fees	71,082	98,874
Legal fees	8,611	9,614
Unitholder reporting costs	70,475	68,302
Unitholder administration and service fees	424,670	605,221
Overdraft charges	220	—
Foreign withholding taxes/tax reclaims	<u>404,502</u>	<u>300,925</u>
Total expenses	66,700,708	49,897,324
Absorbed expenses	(249)	—
Net expenses	<u>66,700,459</u>	<u>49,897,324</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$237,368,580</u>	<u>\$354,703,815</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$237,179,282	\$354,430,454
Series F Units	<u>\$ 189,298</u>	<u>\$ 273,361</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.65	\$ 2.90
Series F Units	<u>\$ 2.00</u>	<u>\$ 3.30</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	143,429,222	122,382,774
Series F Units	<u>94,489</u>	<u>82,868</u>

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

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

Scotia Partners Growth Portfolio (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$2,408,724,836	\$1,731,114,895
Series F Units	1,801,047	1,304,679
	<u>2,410,525,883</u>	<u>1,732,419,574</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	237,179,282	354,430,454
Series F Units	189,298	273,361
	<u>237,368,580</u>	<u>354,703,815</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
From realized gain		
Series A Units	(87,614,550)	–
Series F Units	(72,701)	–
	<u>(87,687,251)</u>	<u>–</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	585,066,918	533,897,998
Series F Units	432,331	403,798
Reinvested distributions		
Series A Units	87,518,121	1,046
Series F Units	71,693	–
Payments on redemption		
Series A Units	(307,858,640)	(210,719,557)
Series F Units	(192,021)	(180,791)
	<u>365,038,402</u>	<u>323,402,494</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	514,291,131	677,609,941
Series F Units	428,600	496,368
	<u>514,719,731</u>	<u>678,106,309</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	2,923,015,967	2,408,724,836
Series F Units	2,229,647	1,801,047
	<u>\$2,925,245,614</u>	<u>\$2,410,525,883</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 237,368,580	\$ 354,703,815
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(117,697,073)	(6,616,507)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(73,950,505)	(319,446,263)
Purchases of non-derivative financial assets	(933,332,678)	(413,131,265)
Proceeds from sale of non-derivative financial assets	604,072,403	71,789,484
Accrued investment income	140	3,602
Net cash provided by (used in) operating activities	<u>(283,539,133)</u>	<u>(312,697,134)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	585,551,893	532,829,232
Amounts paid on redemption of redeemable units	(306,812,444)	(210,733,801)
Distributions to unitholders of redeemable units	9	(18,674)
Net cash provided by (used in) financing activities	<u>278,739,458</u>	<u>322,076,757</u>
Net increase (decrease) in cash	(4,799,675)	9,379,623
Cash (Bank Indebtedness) at beginning of period	14,841,771	5,462,148
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 10,042,096</u>	<u>\$ 14,841,771</u>
Interest received(1)	28,286,067	16,769,979
Dividends received, net of withholding taxes(1)	19,605,265	19,745,229

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 24.0%			
4,616,389	CI Signature Corporate Bond Fund Class I	47,003,077	49,164,541
16,152,932	Dynamic High Yield Bond Fund Series O	56,729,062	55,404,558
7,239,038	PIMCO Monthly Income Fund (Canada) Class I	106,440,632	104,114,012
20,338,801	Scotia Canadian Income Fund Series I	275,444,258	282,916,788
19,478,061	Scotia Private Canadian Corporate Bond Pool Series I	205,447,341	211,058,425
		<u>691,064,370</u>	<u>702,658,324</u>
CANADIAN EQUITY FUNDS – 37.2%			
11,242,862	CI Cambridge Canadian Equity Corporate Class I	120,562,143	221,821,670
28,068,123	Dynamic Value Fund of Canada Series O	277,574,892	323,344,780
6,264,963	Scotia Canadian Dividend Fund Series I	257,134,167	328,102,999
13,753,050	Trimark Canadian Small Companies Fund Series I	182,726,612	216,225,454
		<u>837,997,814</u>	<u>1,089,494,903</u>
FOREIGN EQUITY FUNDS – 38.4%			
2,983,660	CI Global Small Companies Fund Class I	70,495,078	90,106,542
12,401,748	Dynamic Global Equity Fund Series O	133,724,471	136,915,298
13,492,060	Invesco International Growth Fund Series I	85,077,535	109,312,670
4,256,817	Mackenzie Emerging Markets Class Series O	114,719,399	133,043,410
4,769,157	Mackenzie US Mid Cap Growth Class Series O	96,237,872	167,982,604
2,924,160	Mawer International Equity Fund Class O	114,558,588	132,895,190
5,206,988	Mawer U.S. Equity Fund Class O	135,025,846	178,108,651
2,216,285	Scotia Global Growth Fund Series I	106,560,078	115,036,048
2,221,977	Trimark Global Endeavour Fund Series I	38,771,877	59,042,376
		<u>895,170,744</u>	<u>1,122,442,789</u>
	TOTAL INVESTMENT PORTFOLIO	<u>2,424,232,928</u>	<u>2,914,596,016</u>
	OTHER ASSETS, LESS LIABILITIES – 0.4%		10,649,598
	NET ASSETS – 100.0%		<u>2,925,245,614</u>

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

Scotia Partners Growth Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of current income and long term capital appreciation, with a bias towards capital appreciation. It invests primarily in a diversified mix of equity and income mutual funds managed by other mutual fund managers and by us. The Fund is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$8,332,602 or approximately 0.3% (December 31, 2013 – \$6,307,019 or approximately 0.3%, January 1, 2013 – \$4,816,594 or approximately 0.3%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 75.6% (December 31, 2013 – 77.7%, January 1, 2013 – 77.3%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$221,193,769 (December 31, 2013 – \$187,213,896, January 1, 2013 – \$133,958,590). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$2,118,178	\$ –	\$782,515	\$ –	\$635,688
Redeemable units	2,925,245,614	–	2,410,525,883	–	1,732,419,574	–
	\$2,925,245,614	\$2,118,178	\$2,410,525,883	\$782,515	\$1,732,419,574	\$635,688

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

Scotia Partners Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	24.0	21.6	22.3
Canadian Equity Funds	37.2	39.1	38.8
Foreign Equity Funds	38.4	38.6	38.5

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,914,596,016	\$ –	\$ –	\$2,914,596,016

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,393,688,163	\$ –	\$ –	\$2,393,688,163

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,726,283,612	\$ –	\$ –	\$1,726,283,612

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Trimark Canadian Small Companies Fund Series I	\$ 684,703,887	\$ 216,225,454	7.4
Trimark Global Endeavour Fund Series I	1,027,076,368	59,042,376	2.0
Invesco International Growth Fund Series I	386,346,380	109,312,670	3.7
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	221,821,670	7.6
CI Global Small Companies Fund Class I	201,801,083	90,106,542	3.1
CI Signature Corporate Bond Fund Class I	2,779,935,434	49,164,541	1.7
Dynamic High Yield Bond Fund Series O	849,677,494	55,404,558	1.9
Dynamic Global Equity Fund Series O	372,698,233	136,915,298	4.7
Dynamic Value Fund of Canada Series O	2,253,505,288	323,344,780	11.1
Mackenzie US Mid Cap Growth Class Series O	369,797,950	167,982,604	5.7
Mawer International Equity Fund Class O	3,198,224,451	132,895,190	4.5
Mawer U.S. Equity Fund Class O	1,947,576,693	178,108,651	6.1
Mackenzie Emerging Markets Class Series O	428,262,234	133,043,410	4.5
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	104,114,012	3.6
Scotia Canadian Dividend Fund Series I	7,347,067,396	328,102,999	11.2
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	211,058,425	7.2
Scotia Canadian Income Fund Series I	5,990,064,451	282,916,788	9.7
Scotia Global Growth Fund Series I	606,644,389	115,036,048	3.9
		\$2,914,596,016	99.6

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

Scotia Partners Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Trimark Canadian Small Companies Fund Series I	\$ 520,916,041	\$ 182,604,936	7.6
Trimark Global Endeavour Fund Series I	928,464,063	48,978,694	2.0
Invesco International Growth Fund Series I	295,457,018	92,076,870	3.8
CI Cambridge Canadian Equity Corporate Class I	2,938,182,391	180,112,971	7.5
CI Signature High Yield Bond II Fund Series I	98,946,145	45,688,050	1.9
CI Global Small Companies Fund Class I	154,157,559	49,149,565	2.0
CI Signature Corporate Bond Fund Class I	2,389,499,820	39,910,019	1.6
Dynamic Global Dividend Value Fund Series O	1,017,074,750	203,076,566	8.4
Dynamic Value Fund of Canada Series O	2,068,628,283	266,613,481	11.1
Mackenzie US Mid Cap Growth Class Series O	249,725,314	116,979,217	4.8
Mawer International Equity Fund Class O	2,305,357,249	61,660,578	2.6
Mawer U.S. Equity Fund Class O	1,479,739,176	73,707,086	3.1
Mackenzie Emerging Markets Class Series O	368,848,484	137,324,216	5.7
Mackenzie Global Concentrated Equity Fund Series O	176,903,478	147,527,710	6.1
PIMCO Global Advantage Strategy Bond Fund (Canada) Class I	421,153,449	85,007,086	3.5
Scotia Canadian Dividend Fund Series I	6,027,537,970	266,639,023	11.1
Scotia Private Canadian Corporate Bond Pool Series I	3,288,773,907	170,184,339	7.1
Scotia Canadian Income Fund Series I	6,273,765,157	226,447,756	9.4
		\$2,393,688,163	99.3

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Trimark Canadian Small Companies Fund Series I	\$ 403,217,017	\$ 129,751,818	7.5
Trimark Global Endeavour Fund Series I	722,949,933	32,639,038	1.9
Invesco International Growth Fund Series I	211,501,546	67,366,338	3.9
CI Cambridge Canadian Equity Corporate Class I	1,730,555,439	131,250,771	7.6
CI Signature High Yield Bond Fund Class I	60,717,107	33,587,071	1.9
CI Global Small Companies Fund Class I	113,239,126	34,348,539	2.0
CI Signature Corporate Bond Fund Class I	1,999,923,202	28,924,862	1.7
Dynamic Global Dividend Value Fund Series O	853,193,855	143,591,743	8.3
Dynamic Value Fund of Canada Series O	1,700,601,124	189,433,361	10.9
Mackenzie US Mid Cap Growth Class Series O	174,569,431	84,339,299	4.9
Mawer International Equity Fund Class O	1,563,200,057	44,828,450	2.6
Mawer U.S. Equity Fund Class O	815,846,239	52,408,066	3.0
Mackenzie Emerging Markets Class Series O	278,037,207	101,652,950	5.9
Mackenzie Global Concentrated Equity Fund Series O	126,601,272	105,563,662	6.1
PIMCO Global Advantage Strategy Bond Fund (Canada) Class I	309,141,723	63,197,904	3.7
Scotia Canadian Dividend Fund Series I	4,574,752,946	188,824,789	10.9
Scotia Private Canadian Corporate Bond Pool Series I	2,956,176,796	126,136,561	7.3
Scotia Canadian Income Fund Series I	5,985,048,505	168,438,390	9.5
		\$1,726,283,612	99.6

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	19.27	19.27	18.19	18.19
Series F	21.16	21.16	19.84	19.84

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

Scotia Partners Maximum Growth Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$710,192,107	\$557,870,687	\$395,801,648
Cash	2,294,073	3,679,968	1,645,118
Accrued investment income	3,116	2,678	1,381
Subscriptions receivable	808,285	840,764	204,864
	<u>713,297,581</u>	<u>562,394,097</u>	<u>397,653,011</u>
LIABILITIES			
Current liabilities			
Distributions payable	4,467	—	—
Redemptions payable	<u>472,904</u>	<u>270,882</u>	<u>233,549</u>
	<u>477,371</u>	<u>270,882</u>	<u>233,549</u>
Net Assets attributable to holders of redeemable units	<u>\$712,820,210</u>	<u>\$562,123,215</u>	<u>\$397,419,462</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$712,380,091	\$561,684,989	\$397,075,177
Series F Units	<u>\$ 440,119</u>	<u>\$ 438,226</u>	<u>\$ 344,285</u>
UNITS OUTSTANDING			
Series A Units	34,598,113	29,447,082	25,704,982
Series F Units	<u>19,458</u>	<u>21,008</u>	<u>20,520</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 20.59	\$ 19.07	\$ 15.45
Series F Units	<u>\$ 22.62</u>	<u>\$ 20.86</u>	<u>\$ 16.78</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 5,119,902	\$ 5,405,515
Interest for distribution purposes	3,051,070	570,230
Capital gains distributions received	20,063,293	12,755,531
Net realized gain (loss) on non-derivative financial assets	33,209,070	894,310
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>15,631,646</u>	<u>92,596,508</u>
Net gain (loss) on investments	<u>77,074,981</u>	<u>112,222,094</u>
Other income	9,255	7,483
Total income (loss)	<u>77,084,236</u>	<u>112,229,577</u>
EXPENSES		
Management fees (note 5)	15,430,323	11,107,427
Administration fees (note 6)	125,372	—
Harmonized Sales Tax/Goods and Services Tax	1,568,419	1,164,068
Audit fees	14,048	16,239
Independent Review Committee fees	1,333	774
Custodian fees	2,283	1,018
Filing fees	24,155	33,573
Legal fees	2,037	2,214
Unitholder reporting costs	20,310	20,476
Unitholder administration and service fees	106,179	150,034
Foreign withholding taxes/tax reclaims	<u>109,811</u>	<u>77,726</u>
Total expenses	<u>17,404,270</u>	<u>12,573,549</u>
Absorbed expenses	<u>(1,085)</u>	<u>(1,967)</u>
Net expenses	<u>17,403,185</u>	<u>12,571,582</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$59,681,051</u>	<u>\$ 99,657,995</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$59,636,695	\$ 99,574,276
Series F Units	<u>\$ 44,356</u>	<u>\$ 83,719</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.83	\$ 3.63
Series F Units	<u>\$ 2.23</u>	<u>\$ 4.09</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	32,622,068	27,396,346
Series F Units	<u>19,903</u>	<u>20,491</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$561,684,989	\$397,075,177
Series F Units	<u>438,226</u>	<u>344,285</u>
	<u>562,123,215</u>	<u>397,419,462</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	59,636,695	99,574,276
Series F Units	<u>44,356</u>	<u>83,719</u>
	<u>59,681,051</u>	<u>99,657,995</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From realized gain		
Series A Units	(11,503,076)	—
Series F Units	<u>(8,405)</u>	<u>—</u>
	<u>(11,511,481)</u>	<u>—</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	172,885,362	125,723,819
Series F Units	<u>27,540</u>	<u>41,130</u>
Reinvested distributions		
Series A Units	11,498,610	—
Series F Units	<u>8,405</u>	<u>—</u>
Payments on redemption		
Series A Units	(81,822,489)	(60,688,283)
Series F Units	<u>(70,003)</u>	<u>(30,908)</u>
	<u>102,527,425</u>	<u>65,045,758</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	150,695,102	164,609,812
Series F Units	<u>1,893</u>	<u>93,941</u>
	<u>150,696,995</u>	<u>164,703,753</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	712,380,091	561,684,989
Series F Units	<u>440,119</u>	<u>438,226</u>
	<u>\$712,820,210</u>	<u>\$562,123,215</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 59,681,051	\$ 99,657,995
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(33,209,070)	(894,310)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(15,631,646)	(92,596,508)
Purchases of non-derivative financial assets	(264,726,742)	(85,679,359)
Proceeds from sale of non-derivative financial assets	161,246,038	17,101,138
Accrued investment income	<u>(438)</u>	<u>(1,297)</u>
Net cash provided by (used in) operating activities	<u>(92,640,807)</u>	<u>(62,412,341)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	172,945,381	125,129,049
Amounts paid on redemption of redeemable units	(81,690,470)	(60,681,858)
Distributions to unitholders of redeemable units	<u>1</u>	<u>—</u>
Net cash provided by (used in) financing activities	<u>91,254,912</u>	<u>64,447,191</u>
Net increase (decrease) in cash	(1,385,895)	2,034,850
Cash (Bank Indebtedness) at beginning of period	3,679,968	1,645,118
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 2,294,073</u>	<u>\$ 3,679,968</u>
Interest received(1)	3,050,632	568,933
Dividends received, net of withholding taxes(1)	<u>5,010,091</u>	<u>5,327,789</u>

(1) Classified as operating items.

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

Scotia Partners Maximum Growth Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 9.7%			
2,002,135	Dynamic High Yield Bond Fund Series O	7,030,373	6,867,323
955,757	PIMCO Monthly Income Fund (Canada) Class I	14,015,135	13,745,983
2,009,850	Scotia Canadian Income Fund Series I	27,191,150	27,957,420
1,923,945	Scotia Private Canadian Corporate Bond Pool Series I	20,753,980	20,847,295
		<u>68,990,638</u>	<u>69,418,021</u>
CANADIAN EQUITY FUNDS – 44.5%			
3,977,927	CI Cambridge Canadian Equity Corporate Class I	45,200,076	78,484,491
9,636,431	Dynamic Value Fund of Canada Series O	96,749,201	111,011,687
1,241,822	Scotia Canadian Dividend Fund Series I	51,571,362	65,035,560
3,991,502	Trimark Canadian Small Companies Fund Series I	54,300,055	62,754,397
		<u>247,820,694</u>	<u>317,286,135</u>
FOREIGN EQUITY FUNDS – 45.4%			
847,199	CI Global Small Companies Fund Class I	18,658,359	25,585,419
4,255,629	Dynamic Global Equity Fund Series O	45,898,167	46,982,141
3,929,847	Invesco International Growth Fund Series I	25,486,794	31,839,617
1,262,565	Mackenzie Emerging Markets Class Series O	34,074,223	39,460,469
1,367,289	Mackenzie US Mid Cap Growth Class Series O	30,760,681	48,159,596
863,552	Mawer International Equity Fund Class O	34,381,074	39,246,122
1,481,651	Mawer U.S. Equity Fund Class O	38,475,338	50,680,924
490,041	Scotia Global Growth Fund Series I	23,571,546	25,435,513
605,831	Trimark Global Endeavour Fund Series I	10,733,510	16,098,150
		<u>262,039,692</u>	<u>323,487,951</u>
	TOTAL INVESTMENT PORTFOLIO	<u>578,851,024</u>	<u>710,192,107</u>
	OTHER ASSETS, LESS LIABILITIES – 0.4%		<u>2,628,103</u>
	NET ASSETS – 100.0%		<u><u>712,820,210</u></u>

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

Scotia Partners Maximum Growth Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long term capital appreciation. It invests primarily in a diversified mix of equity mutual funds, with additional stability derived from investments in income mutual funds, managed by other mutual fund managers and by us. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$830,693 or approximately 0.1% (December 31, 2013 – \$450,253 or approximately 0.1%, January 1, 2013 – \$340,555 or approximately 0.1%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 89.9% (December 31, 2013 – 92.4%, January 1, 2013 – 92.3%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$64,077,409 (December 31, 2013 – \$51,827,925, January 1, 2013 – \$36,688,535). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$477,371	\$ –	\$270,882	\$ –	\$233,549
Redeemable units	712,820,210	–	562,123,215	–	397,419,462	–
	\$712,820,210	\$477,371	\$562,123,215	\$270,882	\$397,419,462	\$233,549

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

Scotia Partners Maximum Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	9.7	7.0	7.3
Canadian Equity Funds	44.5	46.9	46.9
Foreign Equity Funds	45.4	45.3	45.5

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$710,192,107	\$ –	\$ –	\$710,192,107

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$557,870,687	\$ –	\$ –	\$557,870,687

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$395,801,648	\$ –	\$ –	\$395,801,648

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Trimark Canadian Small Companies Fund Series I	\$ 684,703,887	\$ 62,754,397	8.8
Trimark Global Endeavour Fund Series I	1,027,076,368	16,098,150	2.2
Invesco International Growth Fund Series I	386,346,380	31,839,617	4.5
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	78,484,491	11.0
CI Global Small Companies Fund Class I	201,801,083	25,585,419	3.6
Dynamic High Yield Bond Fund Series O	849,677,494	6,867,323	1.0
Dynamic Global Equity Fund Series O	372,698,233	46,982,141	6.6
Dynamic Value Fund of Canada Series O	2,253,505,288	111,011,687	15.6
Mackenzie US Mid Cap Growth Class Series O	369,797,950	48,159,596	6.8
Mawer International Equity Fund Class O	3,198,224,451	39,246,122	5.5
Mawer U.S. Equity Fund Class O	1,947,576,693	50,680,924	7.1
Mackenzie Emerging Markets Class Series O	428,262,234	39,460,469	5.5
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	13,745,983	1.9
Scotia Canadian Dividend Fund Series I	7,347,067,396	65,035,560	9.1
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	20,847,295	2.9
Scotia Canadian Income Fund Series I	5,990,064,451	27,957,420	3.9
Scotia Global Growth Fund Series I	606,644,389	25,435,513	3.6
		\$710,192,107	99.6

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

Scotia Partners Maximum Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Trimark Canadian Small Companies Fund Series I	\$ 520,916,041	\$ 50,369,824	9.0
Trimark Global Endeavour Fund Series I	928,464,063	19,817,947	3.5
Invesco International Growth Fund Series I	295,457,018	24,203,895	4.3
CI Cambridge Canadian Equity Corporate Class I	2,938,182,391	62,006,590	11.0
CI Signature High Yield Bond II Fund Series I	98,946,145	13,302,196	2.4
CI Global Small Companies Fund Class I	154,157,559	19,817,085	3.6
Dynamic Global Dividend Value Fund Series O	1,017,074,750	64,212,899	11.4
Dynamic Value Fund of Canada Series O	2,068,628,283	87,673,143	15.6
Mackenzie US Mid Cap Growth Class Series O	249,725,314	29,645,984	5.3
Mawer International Equity Fund Class O	2,305,357,249	15,747,841	2.8
Mawer U.S. Equity Fund Class O	1,479,739,176	19,768,872	3.5
Mackenzie Emerging Markets Class Series O	368,848,484	36,173,472	6.4
Mackenzie Global Concentrated Equity Fund Series O	176,903,478	25,432,803	4.5
PIMCO Global Advantage Strategy Bond Fund (Canada) Class I	421,153,449	15,841,382	2.8
Scotia Canadian Dividend Fund Series I	6,027,537,970	50,106,698	8.9
Scotia Canadian Income Fund Series I	6,273,765,157	23,750,055	4.2
		\$557,870,686	99.2

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Trimark Canadian Small Companies Fund Series I	\$ 403,217,017	\$ 35,437,342	8.9
Trimark Global Endeavour Fund Series I	722,949,933	13,568,661	3.4
Invesco International Growth Fund Series I	211,501,546	17,344,083	4.4
CI Cambridge Canadian Equity Corporate Class I	1,730,555,439	44,431,593	11.2
CI Signature High Yield Bond Fund Class I	60,717,107	9,680,773	2.4
CI Global Small Companies Fund Class I	113,239,126	14,171,980	3.6
Dynamic Global Dividend Value Fund Series O	853,193,855	43,901,760	11.0
Dynamic Value Fund of Canada Series O	1,700,601,124	61,513,180	15.5
Mackenzie US Mid Cap Growth Class Series O	174,569,431	21,203,004	5.3
Mawer International Equity Fund Class O	1,563,200,057	11,391,700	2.9
Mawer U.S. Equity Fund Class O	815,846,239	14,113,855	3.6
Mackenzie Emerging Markets Class Series O	278,037,207	26,671,357	6.8
Mackenzie Global Concentrated Equity Fund Series O	126,601,272	18,290,734	4.6
PIMCO Global Advantage Strategy Bond Fund (Canada) Class I	309,141,723	11,628,414	2.9
Scotia Canadian Dividend Fund Series I	4,574,752,946	35,255,332	8.9
Scotia Canadian Income Fund Series I	5,985,048,505	17,197,880	4.3
		\$395,801,648	99.7

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	20.59	20.59	19.07	19.07
Series F	22.62	22.62	20.86	20.86

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

Scotia INNOVA Income Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$1,926,296,112	\$1,735,954,219	\$1,590,116,899
Unrealized gain on currency forward contracts	—	294,388	—
Cash	10,376,508	19,832,091	26,992,292
Accrued investment income	9,180	863,764	710,664
Subscriptions receivable	2,970,032	1,597,918	3,252,543
Margin deposited on futures	—	1,043,934	799,113
	<u>1,939,651,832</u>	<u>1,759,586,314</u>	<u>1,621,871,511</u>
LIABILITIES			
Current liabilities			
Distributions payable	1,905,597	655,401	890,210
Redemptions payable	793,743	1,305,655	582,859
	<u>2,699,340</u>	<u>1,961,056</u>	<u>1,473,069</u>
Net Assets attributable to holders of redeemable units	<u>\$1,936,952,492</u>	<u>\$1,757,625,258</u>	<u>\$1,620,398,442</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$1,646,081,723	\$1,503,721,240	\$1,358,934,346
Series T Units	<u>\$ 290,870,769</u>	<u>\$ 253,904,018</u>	<u>\$ 261,464,096</u>
UNITS OUTSTANDING			
Series A Units	126,475,675	119,580,326	111,034,793
Series T Units	<u>17,656,144</u>	<u>16,121,848</u>	<u>16,932,246</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 13.02	\$ 12.57	\$ 12.24
Series T Units	<u>\$ 16.47</u>	<u>\$ 15.75</u>	<u>\$ 15.44</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 7,343,659	\$ 9,885,529
Interest for distribution purposes	40,246,151	47,466,908
Capital gains distributions received	2,828,632	5,239,313
Net realized gain (loss) on non-derivative financial assets	49,813,274	14,682,005
Net realized gain (loss) on futures contracts	(877,934)	(232,457)
Net realized gain (loss) on currency forwards	91,179	480,401
Net gain (loss) foreign exchange	1,514	107,538
Change in unrealized appreciation (depreciation) of non-derivative financial assets	56,846,916	27,001,835
Change in unrealized appreciation (depreciation) of currency forwards	(294,388)	294,388
Change in unrealized appreciation (depreciation) of currency futures	182,902	(135,540)
Net gain (loss) on investments	<u>156,181,905</u>	<u>104,789,920</u>
Securities lending	2,190	35,200
Other income	28,497	46,352
Total income (loss)	<u>156,212,592</u>	<u>104,871,472</u>
EXPENSES		
Management fees (note 5)	29,420,818	28,872,806
Administration fees (note 6)	204,986	—
Harmonized Sales Tax/Goods and Services Tax	3,148,160	3,092,122
Audit fees	39,425	58,462
Independent Review Committee fees	3,773	3,303
Custodian fees	6,943	6,314
Filing fees	76,417	148,589
Legal fees	5,839	9,398
Unitholder reporting costs	23,692	27,038
Unitholder administration and service fees	189,888	311,389
Overdraft charges	919	21,647
Foreign withholding taxes/tax reclaims	242,686	533,990
Transaction costs	589	36,441
Total expenses	<u>33,364,135</u>	<u>33,121,499</u>
Absorbed expenses	(61)	—
Net expenses	<u>33,364,074</u>	<u>33,121,499</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$122,848,518</u>	<u>\$ 71,749,973</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$101,959,136	\$ 59,483,138
Series T Units	<u>\$ 20,889,382</u>	<u>\$ 12,266,835</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.85	\$ 0.49
Series T Units	<u>\$ 1.24</u>	<u>\$ 0.68</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	119,651,152	122,202,049
Series T Units	<u>16,837,617</u>	<u>18,069,846</u>

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

Scotia INNOVA Income Portfolio (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$1,503,721,240	\$1,358,934,346
Series T Units	253,904,018	261,464,096
	<u>1,757,625,258</u>	<u>1,620,398,442</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	101,959,136	59,483,138
Series T Units	20,889,382	12,266,835
	<u>122,848,518</u>	<u>71,749,973</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(19,838,381)	(21,143,391)
Series T Units	(3,577,177)	(3,191,185)
From realized gain		
Series A Units	(30,814,167)	–
Series T Units	(5,466,457)	–
Return of Capital		
Series T Units	–	(4,912,384)
	<u>(59,696,182)</u>	<u>(29,246,960)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	344,748,417	483,259,893
Series T Units	73,178,859	107,926,572
Reinvested distributions		
Series A Units	50,030,484	20,861,075
Series T Units	3,474,502	2,982,652
Payments on redemption		
Series A Units	(303,725,006)	(397,673,821)
Series T Units	(51,532,358)	(122,632,568)
	<u>116,174,898</u>	<u>94,723,803</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	142,360,483	144,786,894
Series T Units	36,966,751	(7,560,078)
	<u>179,327,234</u>	<u>137,226,816</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	1,646,081,723	1,503,721,240
Series T Units	290,870,769	253,904,018
	<u>\$1,936,952,492</u>	<u>\$1,757,625,258</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 122,848,518	\$ 71,749,973
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(49,813,274)	(14,682,005)
Net realized (gain) loss foreign exchange on cash	(1,514)	(107,538)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(56,846,916)	(27,001,835)
Change in unrealized (appreciation) depreciation of forward currency contracts	–	(294,388)
Change in unrealized (appreciation) depreciation of currency spot contracts	294,388	–
Change in unrealized (appreciation) depreciation of currency futures contracts	–	135,540
Purchases of non-derivative financial assets	(719,355,151)	(793,231,001)
Proceeds from sale of non-derivative financial assets	635,673,448	688,920,047
Transaction costs	–	21,934
Accrued investment income	854,584	(153,100)
Change in margin accounts for futures contracts	1,043,934	(244,821)
Net cash provided by (used in) operating activities	<u>(65,301,983)</u>	<u>(74,887,194)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	416,555,162	592,841,090
Amounts paid on redemption of redeemable units	(355,769,276)	(519,583,593)
Distributions to unitholders of redeemable units	(4,941,000)	(5,638,042)
Net cash provided by (used in) financing activities	<u>55,844,886</u>	<u>67,619,455</u>
Net realized (gain) loss foreign exchange on cash	1,514	107,538
Net increase (decrease) in cash	<u>(9,457,097)</u>	<u>(7,267,739)</u>
Cash (Bank Indebtedness) at beginning of period	19,832,091	26,992,292
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 10,376,508</u>	<u>\$ 19,832,091</u>
Interest received(1)	41,099,302	47,315,241
Dividends received, net of withholding taxes(1)	7,100,973	9,351,539

(1) Classified as operating items.

Scotia INNOVA Income Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 70.1%			
30,844,831	Scotia Canadian Income Fund Series I	418,066,727	429,057,767
15,021,246	Scotia Floating Rate Income Fund Series I	150,332,338	150,099,805
11,933,294	Scotia Private American Core-Plus Bond Pool Series I	109,691,858	114,258,900
21,125,205	Scotia Private Canadian Corporate Bond Pool Series I	224,242,975	228,906,387
11,151,470	Scotia Private High Yield Income Pool Series I	104,022,002	105,446,071
17,508,384	Scotia Private Short-Mid Government Bond Pool Series I	188,085,025	185,742,947
13,366,498	Scotia Total Return Bond LP Series I	133,665,264	144,001,276
		<u>1,328,106,189</u>	<u>1,357,513,153</u>
CANADIAN EQUITY FUNDS – 13.9%			
6,917,168	1832 AM North American Preferred Share LP Series I	69,583,783	73,105,476
2,620,420	Scotia Canadian Dividend Fund Series I	101,726,603	137,234,268
2,967,802	Scotia Private Canadian Equity Pool Series I	33,136,257	38,745,253
595,623	Scotia Private Canadian Small Cap Pool Series I	14,581,007	19,412,726
		<u>219,027,650</u>	<u>268,497,723</u>
FOREIGN EQUITY FUNDS – 15.5%			
3,539,279	1832 AM Global Completion LP Series I	35,025,093	40,192,058
4,285,448	Scotia Global Low Volatility Equity LP Series I	42,862,385	51,094,534
2,001,735	Scotia Private Global Equity Pool Series I	25,914,322	40,367,186
3,726,627	Scotia Private International Equity Pool Series I	35,069,374	44,647,228
1,569,162	Scotia Private U.S. Dividend Pool Series I	22,241,500	25,315,596
8,608,476	Scotia U.S. Low Volatility Equity LP Series I	85,628,065	98,668,634
		<u>246,740,739</u>	<u>300,285,236</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,793,874,578</u>	<u>1,926,296,112</u>
	OTHER ASSETS, LESS LIABILITIES – 0.5%		10,656,380
	NET ASSETS – 100.0%		<u>1,936,952,492</u>

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

Scotia INNOVA Income Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of current income and long term capital appreciation, with a significant bias towards income. It invests primarily in a diversified mix of mutual funds, and/or equity securities and/or fixed income securities located anywhere in the world. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$1,757,411,531	\$1,620,236,544
Revaluation of Investments at FVTPL	213,728	161,898
Net assets attributable to holders of redeemable units	\$1,757,625,259	\$1,620,398,442

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$71,698,144
Revaluation of Investments at FVTPL	51,829
Increase (decrease) in net assets attributable to holders of redeemable units	\$71,749,973

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments, as at December 31, 2013 and January 1, 2013. As at December 31, 2014, the Fund held underlying fixed income funds. The funds indirect exposure to interest rate risk is discussed below.

Interest Rate Exposure*	December 31, 2013	January 1, 2013
Less than 1 year	\$ –	\$ –
1-3 years	6,252,107	13,375,036
3-5 years	32,948,178	44,747,657
5-10 years	46,305,569	26,280,982
> 10 years	28,468,381	23,350,482
Total	\$113,974,235	\$107,754,157

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

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$19,061,057 or approximately 1.0% (December 31, 2013 – \$18,848,126 or approximately 1.1%, January 1, 2013 – \$17,927,842 or approximately 1.1%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

As at December 31, 2014, the Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency. For the comparative period, the tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency

Scotia INNOVA Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	23,144,649	1.3	2,314,465	0.1
Chile Peso	622,815	—	62,282	0.0
Australian Dollar	91,813	—	9,181	0.0
European Euro	1	—	—	—
Total	23,859,277	1.3	2,385,928	0.1

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	5,919,831	0.4	591,983	0.0
European Euro	1	—	—	—
Total	5,919,832	0.4	591,983	0.0

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 29.4% (December 31, 2013 – 25.8%, January 1, 2013 – 25.1%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$56,878,296 (December 31, 2013 – \$45,317,923, January 1, 2013 – \$40,728,119). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

As at December 31, 2014, the Fund could be exposed to indirect credit risk to the extent that the Underlying Funds. For the comparative year, the table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
AAA	21.6	1.4	25.4	1.7
AA	40.5	2.6	39.4	2.6
A	21.1	1.4	20.1	1.3
BBB	13.2	0.9	11.1	0.7
BB	3.1	0.2	2.9	0.2
B	0.5	—	1.1	0.1
Total	100.0	6.5	100.0	6.6

Scotia INNOVA Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$2,699,340	\$ –	\$1,961,056	\$ –	\$1,473,069
Redeemable units	1,936,952,492	–	1,757,625,258	–	1,620,398,442	–
	\$1,936,952,492	\$2,699,340	\$1,757,625,258	\$1,961,056	\$1,620,398,442	\$1,473,069

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Bond and Debenture Instruments	–	6.5	6.6
Exchange Traded Funds	–	0.4	–
Fixed Income Funds	70.1	66.5	66.4
Canadian Equity Funds	13.9	12.2	12
Foreign Equity Funds	15.5	13.2	13.1
Futures Contracts	–	0.1	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,926,296,112	\$ –	\$ –	\$1,926,296,112

December 31, 2013	Level 1	Level 2	Level 3	Total
Exchange-Traded Fund	\$ 7,765,830	\$ –	\$ –	\$ 7,765,830
Mutual Funds	1,614,214,154	–	–	1,614,214,154
Bond and Debenture Instruments	–	113,974,235	–	113,974,235
Currency Forward Contracts–Assets	–	294,388	–	294,388
Futures Contracts (Long)	(59,154)	–	–	(59,154)
	\$1,621,920,830	\$114,268,623	\$ –	\$1,736,189,453

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,482,362,742	\$ –	\$ –	\$1,482,362,742
Bond and Debenture Instruments	–	107,754,157	–	107,754,157
Futures Contracts (Long)	(47,362)	–	–	(47,362)
	\$1,482,315,380	\$107,754,157	\$ –	\$1,590,069,537

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Scotia INNOVA Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$294,388	\$ –	\$ –	\$294,388
Swap contracts	–	–	–	–
Total	\$294,388	\$ –	\$ –	\$294,388

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private U.S. Dividend Pool Series I	\$1,198,858,466	\$ 25,315,596	1.3
Scotia Floating Rate Income Fund Series I	647,072,278	150,099,805	7.8
1832 AM North American Preferred Share LP Series I	368,540,953	73,105,476	3.8
Scotia Global Low Volatility Equity LP Series I	604,457,652	51,094,534	2.6
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	98,668,634	5.1
1832 AM Global Completion LP Series I	289,313,699	40,192,058	2.1
Scotia Total Return Bond LP Series I	359,431,823	144,001,276	7.4
Scotia Private High Yield Income Pool Series I	910,438,382	105,446,071	5.4
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	114,258,900	5.9
Scotia Private Canadian Small Cap Pool Series I	538,492,305	19,412,726	1.0
Scotia Private International Equity Pool Series I	600,735,759	44,647,228	2.3
Scotia Private Global Equity Pool Series I	459,739,970	40,367,186	2.1
Scotia Private Canadian Equity Pool Series I	1,014,747,384	38,745,253	2.0
Scotia Canadian Dividend Fund Series I	7,347,067,396	137,234,268	7.1
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	228,906,387	11.8
Scotia Canadian Income Fund Series I	5,990,064,451	429,057,767	22.2
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	185,742,947	9.6
		\$1,926,296,112	99.5

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private High Yield Income Pool Series I	\$ 759,668,764	\$ 78,044,830	4.4
Scotia Private American Core-Plus Bond Pool Series I	415,613,441	86,669,294	4.9
Scotia Private Canadian Small Cap Pool Series I	396,023,757	17,651,149	1.0
Scotia Private U.S. Value Pool Series I	438,348,429	44,700,603	2.6
Scotia Private International Equity Pool Series I	772,556,193	54,038,645	3.1
Scotia Private Global Equity Pool Series I	518,669,821	115,765,122	6.6
Scotia Private Global Real Estate Pool Series I	314,362,180	17,416,901	1.0
Scotia Private Canadian Equity Pool Series I	822,088,599	44,639,603	2.5
Scotia Canadian Dividend Fund Series I	6,027,537,970	151,210,737	8.6
Scotia Private Canadian Corporate Bond Pool Series I	3,288,773,907	190,711,868	10.9
Scotia Canadian Income Fund Series I	6,273,765,157	519,130,930	29.5
Scotia Private Short-Mid Government Bond Pool Series I	1,295,385,443	294,234,469	16.8
		\$1,614,214,151	91.9

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

Scotia INNOVA Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private High Yield Income Pool Series I	\$ 572,230,047	\$ 71,719,108	4.4
Scotia Private American Core-Plus Bond Pool Series I	273,056,501	79,024,031	4.9
Scotia Private Canadian Small Cap Pool Series I	232,574,170	16,517,410	1.0
Scotia Private U.S. Value Pool Series I	260,145,009	40,113,855	2.5
Scotia Private International Equity Pool Series I	448,297,693	50,987,923	3.2
Scotia Private Global Equity Pool Series I	337,699,478	105,097,844	6.5
Scotia Private Global Real Estate Pool Series I	223,229,954	16,604,024	1.0
Scotia Private Canadian Equity Pool Series I	565,707,023	40,574,853	2.5
Scotia Canadian Dividend Fund Series I	4,574,752,946	137,385,279	8.5
Scotia Private Canadian Corporate Bond Pool Series I	2,956,176,796	175,131,114	10.8
Scotia Canadian Income Fund Series I	5,985,048,505	478,467,527	29.5
Scotia Private Short-Mid Government Bond Pool Series I	1,233,404,814	270,739,774	16.7
		\$1,482,362,742	91.5

6. Comparison of net Asset Value per Unit and Net Assets per unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	13.02	13.02	12.55	12.57
Series T	16.47	16.47	15.91	15.75

Scotia INNOVA Balanced Income Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$2,406,950,884	\$1,806,937,547	\$1,156,988,285
Unrealized gain on currency forward contracts	—	210,020	—
Cash	13,229,797	21,574,964	18,418,954
Accrued investment income	11,990	629,219	382,875
Subscriptions receivable	2,213,303	3,598,744	2,283,427
Margin deposited on futures	—	587,754	446,031
	<u>2,422,405,974</u>	<u>1,833,538,248</u>	<u>1,178,519,572</u>
LIABILITIES			
Current liabilities			
Distributions payable	1,312,204	752,855	478,794
Redemptions payable	1,795,380	458,508	305,682
	<u>3,107,584</u>	<u>1,211,363</u>	<u>784,476</u>
Net Assets attributable to holders of redeemable units	<u>\$2,419,298,390</u>	<u>\$1,832,326,885</u>	<u>\$1,177,735,096</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$2,040,895,340	\$1,543,733,614	\$1,017,082,023
Series T Units	<u>\$ 378,403,050</u>	<u>\$ 288,593,271</u>	<u>\$ 160,653,073</u>
UNITS OUTSTANDING			
Series A Units	144,969,063	114,126,315	80,137,595
Series T Units	<u>23,082,213</u>	<u>18,352,816</u>	<u>10,486,142</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 14.08	\$ 13.53	\$ 12.69
Series T Units	<u>\$ 16.39</u>	<u>\$ 15.72</u>	<u>\$ 15.32</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 15,139,162	\$ 15,096,891
Interest for distribution purposes	37,196,904	32,622,657
Capital gains distributions received	10,501,185	8,081,819
Net realized gain (loss) on non-derivative financial assets	58,053,657	4,226,974
Net realized gain (loss) on futures contracts	(574,755)	(286,694)
Net realized gain (loss) on currency forwards	65,048	281,614
Net gain (loss) foreign exchange	34,756	125,113
Change in unrealized appreciation (depreciation) of non-derivative financial assets	76,989,896	79,744,202
Change in unrealized appreciation (depreciation) of currency forwards	(210,020)	210,020
Change in unrealized appreciation (depreciation) of currency futures	41,848	(16,253)
Net gain (loss) on investments	<u>197,237,681</u>	<u>140,086,343</u>
Securities lending	803	6,470
Other income	<u>27,464</u>	<u>44,326</u>
Total income (loss)	<u>197,265,948</u>	<u>140,137,139</u>
EXPENSES		
Management fees (note 5)	37,049,369	25,668,733
Administration fees (note 6)	254,562	—
Harmonized Sales Tax/Goods and Services Tax	4,005,308	2,807,913
Audit fees	46,342	52,262
Independent Review Committee fees	4,381	2,426
Custodian fees	5,961	6,169
Filing fees	85,031	118,157
Legal fees	6,636	6,953
Unitholder reporting costs	26,289	22,513
Unitholder administration and service fees	207,906	267,502
Overdraft charges	189	65
Foreign withholding taxes/tax reclaims	602,249	913,310
Transaction costs	451	21,415
Total expenses	<u>42,294,674</u>	<u>29,887,418</u>
Net expenses	<u>42,294,674</u>	<u>29,887,418</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$154,971,274</u>	<u>\$110,249,721</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$128,715,999	\$ 95,675,514
Series T Units	<u>\$ 26,255,275</u>	<u>\$ 14,574,207</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 0.99	\$ 0.97
Series T Units	<u>\$ 1.22</u>	<u>\$ 1.03</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	129,730,670	98,445,982
Series T Units	<u>21,479,828</u>	<u>14,177,725</u>

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

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

Scotia INNOVA Balanced Income Portfolio (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$1,543,733,614	\$1,017,082,023
Series T Units	288,593,271	160,653,073
	<u>1,832,326,885</u>	<u>1,177,735,096</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	128,715,999	95,675,514
Series T Units	26,255,275	14,574,207
	<u>154,971,274</u>	<u>110,249,721</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(19,170,675)	(14,677,768)
Series T Units	(3,383,945)	(3,218,003)
From realized gain		
Series A Units	(45,602,637)	–
Series T Units	(8,448,495)	–
Return of capital		
Series T Units	(1,153,162)	(5,460,539)
	<u>(77,758,914)</u>	<u>(23,356,310)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	623,132,157	627,849,212
Series T Units	139,653,283	176,338,184
Reinvested distributions		
Series A Units	64,300,870	14,588,162
Series T Units	3,516,590	2,365,265
Payments on redemption		
Series A Units	(254,213,988)	(196,783,529)
Series T Units	(66,629,767)	(56,658,916)
	<u>509,759,145</u>	<u>567,698,378</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	497,161,726	526,651,591
Series T Units	89,809,779	127,940,198
	<u>586,971,505</u>	<u>654,591,789</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	2,040,895,340	1,543,733,614
Series T Units	378,403,050	288,593,271
	<u>\$2,419,298,390</u>	<u>\$1,832,326,885</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 154,971,274	\$ 110,249,721
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(58,053,657)	(4,226,974)
Net realized (gain) loss foreign exchange on cash	(34,756)	(125,113)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(76,989,896)	(79,744,202)
Change in unrealized (appreciation) depreciation of forward currency contracts	210,020	(210,020)
Change in unrealized (appreciation) depreciation of currency futures contracts	–	16,253
Purchases of non-derivative financial assets	(1,130,361,411)	(872,467,099)
Proceeds from sale of non-derivative financial assets	665,391,627	306,460,118
Transaction costs	–	12,642
Accrued investment income	617,229	(246,344)
Change in margin accounts for futures contracts	587,754	(141,723)
Net cash provided by (used in) operating activities	<u>(443,661,816)</u>	<u>(540,422,741)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	764,170,881	802,872,079
Amounts paid on redemption of redeemable units	(319,506,883)	(253,289,620)
Distributions to unitholders of redeemable units	(9,382,105)	(6,128,822)
Net cash provided by (used in) financing activities	<u>435,281,893</u>	<u>543,453,638</u>
Net realized (gain) loss foreign exchange on cash	34,756	125,113
Net increase (decrease) in cash	(8,379,923)	3,030,897
Cash (Bank Indebtedness) at beginning of period	21,574,964	18,418,954
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 13,229,797</u>	<u>\$ 21,574,964</u>
Interest received(1)	37,813,352	32,377,094
Dividends received, net of withholding taxes(1)	14,536,913	14,183,581

(1) Classified as operating items.

Scotia INNOVA Balanced Income Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 54.1%			
30,670,667	Scotia Canadian Income Fund Series I	416,196,639	426,635,115
16,944,475	Scotia Floating Rate Income Fund Series I	169,599,511	169,317,664
14,893,567	Scotia Private American Core-Plus Bond Pool Series I	136,623,606	142,602,921
14,755,375	Scotia Private Canadian Corporate Bond Pool Series I	156,936,824	159,884,819
13,201,025	Scotia Private High Yield Income Pool Series I	123,903,502	124,826,254
14,565,974	Scotia Private Short-Mid Government Bond Pool Series I	154,935,825	154,527,509
12,184,069	Scotia Total Return Bond LP Series I	122,276,944	131,262,622
		<u>1,280,472,851</u>	<u>1,309,056,904</u>
CANADIAN EQUITY FUNDS – 20.9%			
10,863,721	1832 AM North American Preferred Share LP Series I	109,524,991	114,815,407
4,080,466	Scotia Canadian Dividend Fund Series I	166,334,636	213,698,473
8,826,298	Scotia Private Canadian Equity Pool Series I	100,539,311	115,229,090
1,880,036	Scotia Private Canadian Small Cap Pool Series I	49,152,404	61,274,687
		<u>425,551,342</u>	<u>505,017,657</u>
FOREIGN EQUITY FUNDS – 24.5%			
5,438,039	1832 AM Global Completion LP Series I	54,582,159	61,754,376
9,052,479	Scotia Global Low Volatility Equity LP Series I	91,149,461	107,930,893
3,356,563	Scotia Private Global Equity Pool Series I	46,270,609	67,688,785
8,182,759	Scotia Private International Equity Pool Series I	82,473,623	98,034,359
1,919,263	Scotia Private U.S. Dividend Pool Series I	27,376,258	30,963,852
3,208,122	Scotia Private U.S. Value Pool Series I	39,788,577	50,303,037
15,372,893	Scotia U.S. Low Volatility Equity LP Series I	153,544,804	176,201,021
		<u>495,185,491</u>	<u>592,876,323</u>
	TOTAL INVESTMENT PORTFOLIO	<u>2,201,209,684</u>	<u>2,406,950,884</u>
	OTHER ASSETS, LESS LIABILITIES – 0.5%		<u>12,347,506</u>
	NET ASSETS – 100.0%		<u>2,419,298,390</u>

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

Scotia INNOVA Balanced Income Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of current income and long term capital appreciation, with a bias towards income. It invests primarily in a diversified mix of mutual funds, and/or equity securities and/or fixed income securities located anywhere in the world. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$1,832,172,220	\$1,177,648,234
Revaluation of Investments at FVTPL	154,665	86,862
Net assets attributable to holders of redeemable units	\$1,832,326,885	\$1,177,735,096

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$110,181,918
Revaluation of Investments at FVTPL	67,803
Increase (decrease) in net assets attributable to holders of redeemable units	\$110,249,721

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's portfolio of bond and debenture instruments.

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	–	\$ –	\$ –
1-3 years	–	4,557,389	6,965,179
3-5 years	–	24,104,872	24,274,053
5-10 years	–	34,697,407	14,087,061
> 10 years	–	21,989,923	12,209,363
Total	–	\$85,349,591	\$57,535,656

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

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$18,938,706 or approximately 0.8% (December 31, 2013 – \$15,857,402 or approximately 0.9%, January 1, 2013 – \$10,700,640 or approximately 0.9%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Scotia INNOVA Balanced Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

ii) Currency risk

The tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2014				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
Australian Dollar	–	–	–	–
Chile Peso	–	–	–	–
US Dollar	–	–	–	–
Total	–	–	–	–

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	16,871,119	0.9	1,687,112	0.1
Chile Peso	363,309	–	36,331	0.0
Australian Dollar	53,575	–	5,358	0.0
European Euro	1	–	–	–
Total	17,288,004	0.9	1,728,801	0.1

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	3,308,915	0.3	330,892	0.0
European Euro	1	–	–	–
Total	3,308,916	0.3	330,892	–

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 45.4% (December 31, 2013 – 41.5%, January 1, 2013 – 39.9%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$109,789,398 (December 31, 2013 – \$76,087,476, January 1, 2013 – \$46,995,401). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Scotia INNOVA Balanced Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Fixed Income Instruments (%)	Percentage of Net Assets (%)
AAA	–	–	22.3	1.0	25.3	1.2
AA	–	–	42.2	2.0	39.2	2.0
A	–	–	20.6	1.0	20.2	1.0
BBB	–	–	12.0	0.6	11.2	0.5
BB	–	–	2.5	0.1	3.0	0.1
B	–	–	0.4	–	1.1	0.1
Total	–	–	100.0	4.7	100.0	4.9

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$3,107,584	\$ –	\$1,211,363	\$ –	\$784,476
Redeemable units	2,419,298,390	–	1,832,326,885	–	1,177,735,096	–
	\$2,419,298,390	\$3,107,584	\$1,832,326,885	\$1,211,363	\$1,177,735,096	\$784,476

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Bond and Debenture Instruments	–	4.7	4.9
Exchange-Traded Funds	–	0.3	–
Fixed Income Funds	54.1	52.4	53.5
Canadian Equity Funds	20.9	18.5	17.9
Foreign Equity Funds	24.5	22.7	22.0
Futures Contracts	–	–	–
Currency Forward Contracts	–	–	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,406,950,884	\$ –	\$ –	\$2,406,950,884

Scotia INNOVA Balanced Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

December 31, 2013	Level 1	Level 2	Level 3	Total
Exchange-Traded Fund	\$ 5,820,410	\$ –	\$ –	\$ 5,820,410
Mutual Funds	1,715,767,546	–	–	1,715,767,546
Bond and Debenture Instruments	–	85,349,591	–	85,349,591
Currency Forward Contracts–Assets	–	210,020	–	210,020
Futures Contracts (Long)	(43,346)	–	–	(43,346)
	\$1,721,544,610	\$85,559,611	\$ –	\$1,807,104,221

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,099,452,629	\$ –	\$ –	\$1,099,452,629
Bond and Debenture Instruments	–	57,535,656	–	57,535,656
Futures Contracts (Long)	(25,595)	–	–	(25,595)
	\$1,099,427,034	\$57,535,656	\$ –	\$1,156,962,690

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

December 31, 2013				
Financial assets – by type	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$210,020	\$ –	\$ –	\$210,020
Swap contracts	–	–	–	–
Total	\$210,020	\$ –	\$ –	\$210,020

Financial liabilities – by type	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

5. Interest in Underlying funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

December 31, 2014			
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private U.S. Dividend Pool Series I	\$1,198,858,466	\$ 30,963,852	1.3
Scotia Floating Rate Income Fund Series I	647,072,278	169,317,664	7.0
1832 AM North American Preferred Share LP Series I	368,540,953	114,815,407	4.7
Scotia Global Low Volatility Equity LP Series I	604,457,652	107,930,893	4.5
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	176,201,021	7.3
1832 AM Global Completion LP Series I	289,313,699	61,754,376	2.5
Scotia Total Return Bond LP Series I	359,431,823	131,262,622	5.4
Scotia Private High Yield Income Pool Series I	910,438,382	124,826,254	5.2
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	142,602,921	5.9
Scotia Private Canadian Small Cap Pool Series I	538,492,305	61,274,687	2.5
Scotia Private U.S. Value Pool Series I	289,278,933	50,303,037	2.1
Scotia Private International Equity Pool Series I	600,735,759	98,034,359	4.1
Scotia Private Global Equity Pool Series I	459,739,970	67,688,785	2.8
Scotia Private Canadian Equity Pool Series I	1,014,747,384	115,229,090	4.8
Scotia Canadian Dividend Fund Series I	7,347,067,396	213,698,473	8.8
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	159,884,819	6.6
Scotia Canadian Income Fund Series I	5,990,064,451	426,635,115	17.6
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	154,527,509	6.4
		\$2,406,950,884	99.5

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

Scotia INNOVA Balanced Income Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 217,679,760	\$ 37,035,867	2.0
Scotia Private High Yield Income Pool Series I	759,668,764	88,381,028	4.8
Scotia Private American Core-Plus Bond Pool Series I	415,613,441	105,833,925	5.8
Scotia Private Canadian Small Cap Pool Series I	396,023,757	47,104,915	2.6
Scotia Private U.S. Value Pool Series I	438,348,429	85,171,115	4.6
Scotia Private International Equity Pool Series I	772,556,193	142,899,918	7.8
Scotia Private Global Equity Pool Series I	518,669,821	75,348,974	4.1
Scotia Private Global Real Estate Pool Series I	314,362,180	37,553,222	2.0
Scotia Private Canadian Equity Pool Series I	822,088,599	103,828,332	5.7
Scotia Canadian Dividend Fund Series I	6,027,537,970	188,088,829	10.3
Scotia Private Canadian Corporate Bond Pool Series I	3,288,773,907	105,856,213	5.8
Scotia Canadian Income Fund Series I	6,273,765,157	528,472,329	28.8
Scotia Private Short-Mid Government Bond Pool Series I	1,295,385,443	132,162,681	7.2
Scotia Private U.S. Equity Pool Series I	469,093,898	38,030,197	2.1
		\$1,715,767,545	93.6

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 133,105,189	\$ 24,113,563	2.1
Scotia Private High Yield Income Pool Series I	572,230,047	57,544,428	4.9
Scotia Private American Core-Plus Bond Pool Series I	273,056,501	68,584,621	5.8
Scotia Private Canadian Small Cap Pool Series I	232,574,170	29,531,417	2.5
Scotia Private U.S. Value Pool Series I	260,145,009	52,206,811	4.4
Scotia Private International Equity Pool Series I	448,297,693	88,448,662	7.5
Scotia Private Global Equity Pool Series I	337,699,478	47,314,311	4.0
Scotia Private Global Real Estate Pool Series I	223,229,954	23,850,117	2.0
Scotia Private Canadian Equity Pool Series I	565,707,023	64,502,186	5.5
Scotia Canadian Dividend Fund Series I	4,574,752,946	116,756,583	9.9
Scotia Private Canadian Corporate Bond Pool Series I	2,956,176,796	69,332,055	5.9
Scotia Canadian Income Fund Series I	5,985,048,505	347,513,136	29.5
Scotia Private Short-Mid Government Bond Pool Series I	1,233,404,814	86,524,372	7.4
Scotia Private U.S. Equity Pool Series I	504,307,634	23,230,360	2.0
		\$1,099,452,622	93.4

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	14.08	14.08	13.51	13.53
Series T	16.39	16.39	15.81	15.72

Scotia INNOVA Balanced Growth Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$2,810,502,954	\$2,047,240,763	\$1,198,552,323
Cash	16,203,881	15,261,793	9,607,520
Accrued investment income	14,260	11,404	6,224
Subscriptions receivable	2,764,696	3,862,886	2,047,951
	<u>2,829,485,791</u>	<u>2,066,376,846</u>	<u>1,210,214,018</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	3,800,000	—	—
Distributions payable	1,237,029	814,670	361,616
Redemptions payable	1,009,454	671,855	1,129,665
	<u>6,046,483</u>	<u>1,486,525</u>	<u>1,491,281</u>
Net Assets attributable to holders of redeemable units	<u>\$2,823,439,308</u>	<u>\$2,064,890,321</u>	<u>\$1,208,722,737</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	\$2,483,601,633	\$1,805,417,072	\$1,084,804,104
Series T Units	<u>\$ 339,837,675</u>	<u>\$ 259,473,249</u>	<u>\$ 123,918,633</u>
UNITS OUTSTANDING			
Series A Units	163,090,461	124,483,772	83,407,185
Series T Units	<u>21,070,742</u>	<u>16,705,124</u>	<u>8,448,395</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	\$ 15.23	\$ 14.50	\$ 13.01
Series T Units	<u>\$ 16.13</u>	<u>\$ 15.53</u>	<u>\$ 14.67</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 26,659,602	\$ 25,913,284
Interest for distribution purposes	31,264,164	21,852,332
Capital gains distributions received	20,091,318	13,636,105
Net realized gain (loss) on non-derivative financial assets	79,148,440	5,023,984
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>102,538,476</u>	<u>157,727,358</u>
Net gain (loss) on investments	<u>259,702,000</u>	<u>224,153,063</u>
Other income	22,739	22,270
Total income (loss)	<u>259,724,739</u>	<u>224,175,333</u>
EXPENSES		
Management fees (note 5)	45,394,133	28,948,207
Administration fees (note 6)	297,052	—
Harmonized Sales Tax/Goods and Services Tax	4,783,130	3,144,023
Audit fees	53,666	56,368
Independent Review Committee fees	5,056	2,452
Custodian fees	4,549	2,868
Filing fees	95,520	112,265
Legal fees	7,638	7,079
Unitholder reporting costs	29,925	23,004
Unitholder administration and service fees	237,217	288,320
Foreign withholding taxes/tax reclaims	<u>1,227,689</u>	<u>1,378,824</u>
Net expenses	<u>52,135,575</u>	<u>33,963,410</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$207,589,164</u>	<u>\$190,211,923</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	\$181,145,652	\$169,190,681
Series T Units	<u>\$ 26,443,512</u>	<u>\$ 21,021,242</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	\$ 1.25	\$ 1.62
Series T Units	<u>\$ 1.31</u>	<u>\$ 1.79</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	144,590,735	104,354,347
Series T Units	<u>20,143,265</u>	<u>11,723,279</u>

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

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

Scotia INNOVA Balanced Growth Portfolio (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	\$1,805,417,072	\$1,084,804,104
Series T Units	259,473,249	123,918,633
	<u>2,064,890,321</u>	<u>1,208,722,737</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	181,145,652	169,190,681
Series T Units	26,443,512	21,021,242
	<u>207,589,164</u>	<u>190,211,923</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(15,422,572)	(11,290,537)
Series T Units	(1,759,115)	(2,234,892)
From realized gain		
Series A Units	(71,406,032)	(487,150)
Series T Units	(9,780,780)	(63,148)
Return of Capital		
Series T Units	(3,683,844)	(6,686,834)
	<u>(102,052,343)</u>	<u>(20,762,561)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	733,520,052	692,622,118
Series T Units	125,711,326	147,661,537
Reinvested distributions		
Series A Units	86,599,724	11,752,788
Series T Units	3,607,523	2,589,526
Payments on redemption		
Series A Units	(236,252,263)	(141,174,932)
Series T Units	(60,174,196)	(26,732,815)
	<u>653,012,166</u>	<u>686,718,222</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	678,184,561	720,612,968
Series T Units	80,364,426	135,554,616
	<u>758,548,987</u>	<u>856,167,584</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	2,483,601,633	1,805,417,072
Series T Units	339,837,675	259,473,249
	<u>\$2,823,439,308</u>	<u>\$2,064,890,321</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 207,589,164	\$ 190,211,923
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(79,148,440)	(5,023,984)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(102,538,476)	(157,727,358)
Purchases of non-derivative financial assets	(1,331,053,639)	(709,181,097)
Proceeds from sale of non-derivative financial assets	753,278,364	23,244,000
Accrued investment income	(2,856)	(5,180)
Net cash provided by (used in) operating activities	<u>(551,875,883)</u>	<u>(658,481,696)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	860,329,568	838,468,720
Amounts paid on redemption of redeemable units	(296,088,860)	(168,365,557)
Distributions to unitholders of redeemable units	(11,422,737)	(5,967,194)
Net cash provided by (used in) financing activities	<u>552,817,971</u>	<u>664,135,969</u>
Net increase (decrease) in cash	942,088	5,654,273
Cash (Bank Indebtedness) at beginning of period	15,261,793	9,607,520
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 16,203,881</u>	<u>\$ 15,261,793</u>
Interest received(1)	31,261,308	21,847,152
Dividends received, net of withholding taxes(1)	25,431,913	24,534,460

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 34.4%			
33,516,974	Scotia Canadian Income Fund Series I	455,402,902	466,227,811
10,759,334	Scotia Floating Rate Income Fund Series I	107,676,576	107,512,650
17,188,605	Scotia Private American Core-Plus Bond Pool Series I	157,992,904	164,577,452
11,431,335	Scotia Private Canadian Corporate Bond Pool Series I	122,246,226	123,866,508
11,603,341	Scotia Private High Yield Income Pool Series I	108,920,129	109,718,875
		<u>952,238,737</u>	<u>971,903,296</u>
CANADIAN EQUITY FUNDS – 28.4%			
11,845,556	1832 AM North American Preferred Share LP Series I	119,410,267	125,192,126
5,841,315	Scotia Canadian Dividend Fund Series I	240,944,538	305,916,104
13,335,024	Scotia Private Canadian Equity Pool Series I	153,608,099	174,091,401
3,656,108	Scotia Private Canadian Growth Pool Series I	45,732,309	56,002,072
4,300,471	Scotia Private Canadian Small Cap Pool Series I	113,273,438	140,162,242
		<u>672,968,651</u>	<u>801,363,945</u>
FOREIGN EQUITY FUNDS – 36.7%			
6,290,764	1832 AM Global Completion LP Series I	62,993,174	71,437,921
14,886,016	Scotia Global Low Volatility Equity LP Series I	150,065,956	177,482,991
4,326,424	Scotia Private Emerging Markets Pool Series I	40,071,253	42,327,568
5,760,189	Scotia Private Global Equity Pool Series I	80,010,406	116,160,554
1,638,597	Scotia Private Global Real Estate Pool Series I	21,896,718	29,359,392
12,566,810	Scotia Private International Equity Pool Series I	127,952,478	150,557,918
3,192,113	Scotia Private U.S. Dividend Pool Series I	45,376,230	51,499,001
1,924,056	Scotia Private U.S. Mid Cap Growth Pool Series I	35,151,206	51,554,878
4,646,839	Scotia Private U.S. Value Pool Series I	57,934,330	72,861,975
23,904,929	Scotia U.S. Low Volatility Equity LP Series I	239,200,932	273,993,515
		<u>860,652,683</u>	<u>1,037,235,713</u>
TOTAL INVESTMENT PORTFOLIO		<u>2,485,860,071</u>	<u>2,810,502,954</u>
OTHER ASSETS, LESS LIABILITIES – 0.5%			12,936,354
NET ASSETS – 100.0%			<u>2,823,439,308</u>

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

Scotia INNOVA Balanced Growth Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of current income and long term capital appreciation, with a bias towards capital appreciation. It invests primarily in a diversified mix of mutual funds, and/or equity securities and/or fixed income securities located anywhere in the world. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$15,479,513 or approximately 0.5% (December 31, 2013 – \$11,119,333 or approximately 0.5%, January 1, 2013 – \$7,047,108 or approximately 0.6%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 65.1% (December 31, 2013 – 65.0%, January 1, 2013 – 59.9%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$183,859,966 (December 31, 2013 – \$134,341,137, January 1, 2013 – \$72,356,465). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$6,046,483	\$ –	\$1,486,525	\$ –	\$1,491,281
Redeemable units	2,823,439,308	–	2,064,890,321	–	1,208,722,737	–
	\$2,823,439,308	\$6,046,483	\$2,064,890,321	\$1,486,525	\$1,208,722,737	\$1,491,281

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

Scotia INNOVA Balanced Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	34.4	34.1	39.3
Canadian Equity Funds	28.4	31.2	26.9
Foreign Equity Funds	36.7	33.8	33.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,810,502,954	\$ –	\$ –	\$2,810,502,954

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,047,240,763	\$ –	\$ –	\$2,047,240,763

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,198,552,323	\$ –	\$ –	\$1,198,552,323

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Scotia INNOVA Balanced Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 172,517,483	\$ 42,327,568	1.5
Scotia Private U.S. Dividend Pool Series I	1,198,858,466	51,499,001	1.8
Scotia Floating Rate Income Fund Series I	647,072,278	107,512,650	3.8
1832 AM North American Preferred Share LP Series I	368,540,953	125,192,126	4.5
Scotia Global Low Volatility Equity LP Series I	604,457,652	177,482,991	6.3
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	273,993,515	9.7
1832 AM Global Completion LP Series I	289,313,699	71,437,921	2.5
Scotia Private High Yield Income Pool Series I	910,438,382	109,718,875	3.9
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	164,577,452	5.8
Scotia Private Canadian Growth Pool Series I	331,181,286	56,002,072	2.0
Scotia Private Canadian Small Cap Pool Series I	538,492,305	140,162,242	5.0
Scotia Private U.S. Value Pool Series I	289,278,933	72,861,975	2.6
Scotia Private U.S. Mid Cap Growth Pool Series I	173,925,451	51,554,878	1.8
Scotia Private International Equity Pool Series I	600,735,759	150,557,918	5.3
Scotia Private Global Equity Pool Series I	459,739,970	116,160,554	4.1
Scotia Private Global Real Estate Pool Series I	273,276,031	29,359,392	1.0
Scotia Private Canadian Equity Pool Series I	1,014,747,384	174,091,401	6.2
Scotia Canadian Dividend Fund Series I	7,347,067,396	305,916,104	10.8
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	123,866,508	4.4
Scotia Canadian Income Fund Series I	5,990,064,451	466,227,811	16.5
		\$2,810,502,954	99.5

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 217,679,760	\$ 62,257,897	3.0
Scotia Private Canadian Preferred Share Pool Series I	357,322,136	79,050,457	3.8
Scotia Private High Yield Income Pool Series I	759,668,764	78,445,016	3.8
Scotia Private American Core-Plus Bond Pool Series I	415,613,441	97,840,881	4.7
Scotia Private Canadian Growth Pool Series I	258,721,799	52,439,117	2.5
Scotia Private Canadian Small Cap Pool Series I	396,023,757	115,371,440	5.6
Scotia Private U.S. Value Pool Series I	438,348,429	105,901,269	5.1
Scotia Private U.S. Mid Cap Growth Pool Series I	106,986,790	42,107,563	2.0
Scotia Private International Equity Pool Series I	772,556,193	245,080,745	11.9
Scotia Private Global Equity Pool Series I	518,669,821	126,488,819	6.1
Scotia Private Global Real Estate Pool Series I	314,362,180	63,045,145	3.1
Scotia Private Canadian Equity Pool Series I	822,088,599	147,131,087	7.1
Scotia Canadian Dividend Fund Series I	6,027,537,970	251,279,121	12.2
Scotia Canadian Income Fund Series I	6,273,765,157	527,543,493	25.6
Scotia Private U.S. Equity Pool Series I	469,093,898	53,258,713	2.6
		\$2,047,240,763	99.1

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 133,105,189	\$ 37,405,279	3.1
Scotia Private Canadian Preferred Share Pool Series I	271,653,787	47,333,210	3.9
Scotia Private High Yield Income Pool Series I	572,230,047	47,224,021	3.9
Scotia Private American Core-Plus Bond Pool Series I	273,056,501	58,809,900	4.9
Scotia Private Canadian Growth Pool Series I	170,764,724	29,725,151	2.5
Scotia Private Canadian Small Cap Pool Series I	232,574,170	67,299,047	5.6
Scotia Private U.S. Value Pool Series I	260,145,009	59,637,805	4.9
Scotia Private U.S. Mid Cap Growth Pool Series I	61,828,204	24,095,787	2.0
Scotia Private International Equity Pool Series I	448,297,693	139,008,548	11.5
Scotia Private Global Equity Pool Series I	337,699,478	72,021,175	6.0
Scotia Private Global Real Estate Pool Series I	223,229,954	36,888,942	3.0
Scotia Private Canadian Equity Pool Series I	565,707,023	83,968,703	6.9
Scotia Canadian Dividend Fund Series I	4,574,752,946	143,833,923	11.9
Scotia Canadian Income Fund Series I	5,985,048,505	321,620,538	26.6
Scotia Private U.S. Equity Pool Series I	504,307,634	29,680,294	2.5
		\$1,198,552,323	99.2

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

Scotia INNOVA Balanced Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	15.23	15.23	14.50	14.50
Series T	16.13	16.13	15.53	15.53

Scotia INNOVA Growth Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$1,452,928,054	\$943,305,076	\$530,674,308
Cash	9,381,667	7,988,361	4,002,877
Accrued investment income	7,907	5,445	2,895
Subscriptions receivable	1,768,449	2,132,143	706,157
	<u>1,464,086,077</u>	<u>953,431,025</u>	<u>535,386,237</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	2,900,000	—	—
Distributions payable	65,294	5,564	3,041
Redemptions payable	960,575	344,277	227,682
	<u>3,925,869</u>	<u>349,841</u>	<u>230,723</u>
Net Assets attributable to holders of redeemable units	<u>\$1,460,160,208</u>	<u>\$953,081,184</u>	<u>\$535,155,514</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$1,460,160,208</u>	<u>\$953,081,184</u>	<u>\$535,155,514</u>
UNITS OUTSTANDING			
Series A Units	<u>88,066,798</u>	<u>60,551,196</u>	<u>39,395,201</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 16.58</u>	<u>\$ 15.74</u>	<u>\$ 13.58</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 17,508,780	\$ 13,910,856
Interest for distribution purposes	9,837,897	6,159,302
Capital gains distributions received	15,245,867	7,973,877
Net realized gain (loss) on non-derivative financial assets	41,199,326	1,412,333
Change in unrealized appreciation (depreciation) of non-derivative financial assets	52,789,036	99,156,364
Net gain (loss) on investments	136,580,906	128,612,732
Other income	7,977	7,870
Total income (loss)	<u>136,588,883</u>	<u>128,620,602</u>
EXPENSES		
Management fees (note 5)	23,737,217	13,828,321
Administration fees (note 6)	150,871	—
Harmonized Sales Tax/Goods and Services Tax	2,343,815	1,397,069
Audit fees	26,402	25,966
Independent Review Committee fees	2,471	1,107
Custodian fees	4,331	2,531
Filing fees	44,778	55,595
Legal fees	3,683	3,185
Unitholder reporting costs	16,709	13,628
Unitholder administration and service fees	115,397	131,633
Overdraft charges	—	283
Foreign withholding taxes/tax reclaims	927,618	784,690
Total expenses	<u>27,373,292</u>	<u>16,244,008</u>
Net expenses	<u>27,373,292</u>	<u>16,244,008</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$109,215,591</u>	<u>\$112,376,594</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$109,215,591</u>	<u>\$112,376,594</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 1.45</u>	<u>\$ 2.25</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	<u>75,396,444</u>	<u>49,914,187</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	<u>\$ 953,081,184</u>	<u>\$535,155,514</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	<u>109,215,591</u>	<u>112,376,594</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From net investment income		
Series A Units	(4,398,772)	(2,334,829)
From realized gain		
Series A Units	<u>(49,836,619)</u>	<u>(440,607)</u>
	<u>(54,235,391)</u>	<u>(2,775,436)</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	521,760,945	370,624,575
Reinvested distributions		
Series A Units	54,170,453	2,770,041
Payments on redemption		
Series A Units	<u>(123,832,574)</u>	<u>(65,070,104)</u>
	<u>452,098,824</u>	<u>308,324,512</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	<u>507,079,024</u>	<u>417,925,670</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$1,460,160,208</u>	<u>\$953,081,184</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 109,215,591	\$ 112,376,594
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(41,199,326)	(1,412,333)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(52,789,036)	(99,156,364)
Purchases of non-derivative financial assets	(693,001,581)	(321,123,571)
Proceeds from sale of non-derivative financial assets	280,266,965	9,061,500
Accrued investment income	(2,462)	(2,550)
Net cash provided by (used in) operating activities	<u>(397,509,849)</u>	<u>(300,256,724)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	522,124,639	369,198,589
Amounts paid on redemption of redeemable units	(123,216,276)	(64,953,509)
Distributions to unitholders of redeemable units	(5,208)	(2,872)
Net cash provided by (used in) financing activities	<u>398,903,155</u>	<u>304,242,208</u>
Net increase (decrease) in cash	1,393,306	3,985,484
Cash (Bank Indebtedness) at beginning of period	7,988,361	4,002,877
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 9,381,667</u>	<u>\$ 7,988,361</u>
Interest received(1)	9,835,435	6,156,752
Dividends received, net of withholding taxes(1)	16,581,162	13,126,166

(1) Classified as operating items.

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

Scotia INNOVA Growth Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 20.8%			
10,563,759	Scotia Canadian Income Fund Series I	143,377,639	146,944,006
3,435,014	Scotia Floating Rate Income Fund Series I	34,383,262	34,324,377
6,959,332	Scotia Private American Core-Plus Bond Pool Series I	64,330,523	66,634,211
5,934,557	Scotia Private High Yield Income Pool Series I	56,425,310	56,115,986
		<u>298,516,734</u>	<u>304,018,580</u>
CANADIAN EQUITY FUNDS – 32.9%			
4,383,243	1832 AM North American Preferred Share LP Series I	44,246,301	46,325,184
2,956,318	Scotia Canadian Dividend Fund Series I	124,467,853	154,825,645
7,793,486	Scotia Private Canadian Equity Pool Series I	91,289,722	101,745,520
4,498,102	Scotia Private Canadian Growth Pool Series I	57,464,950	68,899,226
3,330,879	Scotia Private Canadian Small Cap Pool Series I	92,281,164	108,561,019
		<u>409,749,990</u>	<u>480,356,594</u>
FOREIGN EQUITY FUNDS – 45.8%			
4,867,347	1832 AM Global Completion LP Series I	49,187,505	55,273,588
9,515,036	Scotia Global Low Volatility Equity LP Series I	96,216,510	113,445,869
5,232,120	Scotia Private Emerging Markets Pool Series I	48,629,302	51,188,450
3,706,038	Scotia Private Global Equity Pool Series I	53,649,794	74,736,325
2,102,224	Scotia Private Global Real Estate Pool Series I	28,590,713	37,666,384
7,062,782	Scotia Private International Equity Pool Series I	73,247,766	84,616,360
1,713,173	Scotia Private U.S. Mid Cap Growth Pool Series I	33,424,899	45,904,310
3,866,466	Scotia Private U.S. Value Pool Series I	49,931,935	60,625,799
12,659,076	Scotia U.S. Low Volatility Equity LP Series I	127,732,013	145,095,795
		<u>560,610,437</u>	<u>668,552,880</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,268,877,161</u>	<u>1,452,928,054</u>
	OTHER ASSETS, LESS LIABILITIES – 0.5%		<u>7,232,154</u>
	NET ASSETS – 100.0%		<u>1,460,160,208</u>

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

Scotia INNOVA Growth Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of long term capital appreciation and current income, with a significant bias towards capital appreciation. It invests primarily in a diversified mix of mutual funds, and/or equity securities and/or fixed income securities located anywhere in the world. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$4,886,428 or approximately 0.3% (December 31, 2013 – \$3,046,520 or approximately 0.3%, January 1, 2013 – \$1,860,951 or approximately 0.3%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 78.7% (December 31, 2013 – 78.3%, January 1, 2013 – 74.6%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$114,890,947 (December 31, 2013 – \$74,603,101, January 1, 2013 – \$39,903,143). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$3,925,869	\$ –	\$349,841	\$ –	\$230,723
Redeemable units	1,460,160,208	–	953,081,184	–	535,155,514	–
	\$1,460,160,208	\$3,925,869	\$953,081,184	\$349,841	\$535,155,514	\$230,723

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

Scotia INNOVA Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	20.8	20.7	24.6
Canadian Equity Funds	32.9	36.7	33.3
Foreign Equity Funds	45.8	41.6	41.3

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,452,928,054	\$ –	\$ –	\$1,452,928,054

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 943,305,076	\$ –	\$ –	\$ 943,305,076

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 530,674,308	\$ –	\$ –	\$ 530,674,308

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 172,517,483	\$ 51,188,450	3.5
Scotia Floating Rate Income Fund Series I	647,072,278	34,324,377	2.3
1832 AM North American Preferred Share LP Series I	368,540,953	46,325,184	3.2
Scotia Global Low Volatility Equity LP Series I	604,457,652	113,445,869	7.8
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	145,095,795	9.9
1832 AM Global Completion LP Series I	289,313,699	55,273,588	3.8
Scotia Private High Yield Income Pool Series I	910,438,382	56,115,986	3.8
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	66,634,211	4.6
Scotia Private Canadian Growth Pool Series I	331,181,286	68,899,226	4.7
Scotia Private Canadian Small Cap Pool Series I	538,492,305	108,561,019	7.4
Scotia Private U.S. Value Pool Series I	289,278,933	60,625,799	4.2
Scotia Private U.S. Mid Cap Growth Pool Series I	173,925,451	45,904,310	3.1
Scotia Private International Equity Pool Series I	600,735,759	84,616,360	5.8
Scotia Private Global Equity Pool Series I	459,739,970	74,736,325	5.1
Scotia Private Global Real Estate Pool Series I	273,276,031	37,666,384	2.6
Scotia Private Canadian Equity Pool Series I	1,014,747,384	101,745,520	7.0
Scotia Canadian Dividend Fund Series I	7,347,067,396	154,825,645	10.6
Scotia Canadian Income Fund Series I	5,990,064,451	146,944,006	10.1
		\$1,452,928,054	99.5

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

Scotia INNOVA Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 217,679,760	\$ 37,719,766	4.0
Scotia Private Canadian Preferred Share Pool Series I	357,322,136	27,206,163	2.9
Scotia Private High Yield Income Pool Series I	759,668,764	26,970,497	2.8
Scotia Private American Core-Plus Bond Pool Series I	415,613,441	35,903,964	3.8
Scotia Private Canadian Growth Pool Series I	258,721,799	48,136,750	5.0
Scotia Private Canadian Small Cap Pool Series I	396,023,757	81,774,398	8.6
Scotia Private U.S. Value Pool Series I	438,348,429	62,161,839	6.5
Scotia Private U.S. Mid Cap Growth Pool Series I	106,986,790	23,728,552	2.5
Scotia Private International Equity Pool Series I	772,556,193	134,710,512	14.1
Scotia Private Global Equity Pool Series I	518,669,821	71,332,339	7.5
Scotia Private Global Real Estate Pool Series I	314,362,180	37,950,172	4.0
Scotia Private Canadian Equity Pool Series I	822,088,599	77,166,591	8.1
Scotia Canadian Dividend Fund Series I	6,027,537,970	115,283,953	12.1
Scotia Canadian Income Fund Series I	6,273,765,157	134,399,605	14.1
Scotia Private U.S. Equity Pool Series I	469,093,898	28,859,975	3.0
		\$ 943,305,076	99.0

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 133,105,189	\$ 21,649,009	4.1
Scotia Private Canadian Preferred Share Pool Series I	271,653,787	15,846,022	3.0
Scotia Private High Yield Income Pool Series I	572,230,047	15,668,436	2.9
Scotia Private American Core-Plus Bond Pool Series I	273,056,501	20,811,206	3.9
Scotia Private Canadian Growth Pool Series I	170,764,724	26,441,581	4.9
Scotia Private Canadian Small Cap Pool Series I	232,574,170	45,473,426	8.5
Scotia Private U.S. Value Pool Series I	260,145,009	34,285,880	6.4
Scotia Private U.S. Mid Cap Growth Pool Series I	61,828,204	13,438,121	2.5
Scotia Private International Equity Pool Series I	448,297,693	74,613,212	14.0
Scotia Private Global Equity Pool Series I	337,699,478	39,744,170	7.4
Scotia Private Global Real Estate Pool Series I	223,229,954	21,458,751	4.0
Scotia Private Canadian Equity Pool Series I	565,707,023	42,454,985	7.9
Scotia Canadian Dividend Fund Series I	4,574,752,946	63,481,219	11.9
Scotia Canadian Income Fund Series I	5,985,048,505	79,317,217	14.8
Scotia Private U.S. Equity Pool Series I	504,307,634	15,991,073	3.0
		\$ 530,674,308	99.2

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	16.58	16.58	15.74	15.74

Scotia INNOVA Maximum Growth Portfolio

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$393,534,970	\$230,812,740	\$116,594,382
Cash	3,553,271	2,197,165	866,144
Accrued investment income	2,383	1,583	582
Subscriptions receivable	1,341,991	765,907	97,098
	<u>398,432,615</u>	<u>233,777,395</u>	<u>117,558,206</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	2,000,000	—	—
Distributions payable	18,480	—	—
Redemptions payable	128,454	228,812	81,236
	<u>2,146,934</u>	<u>228,812</u>	<u>81,236</u>
Net Assets attributable to holders of redeemable units	<u>\$396,285,681</u>	<u>\$233,548,583</u>	<u>\$117,476,970</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES			
Series A Units	<u>\$396,285,681</u>	<u>\$233,548,583</u>	<u>\$117,476,970</u>
UNITS OUTSTANDING			
Series A Units	<u>22,079,291</u>	<u>13,673,793</u>	<u>8,482,936</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT			
Series A Units	<u>\$ 17.95</u>	<u>\$ 17.08</u>	<u>\$ 13.85</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 5,984,017	\$ 4,056,214
Interest for distribution purposes	989,097	41,249
Capital gains distributions received	5,435,243	2,491,030
Net realized gain (loss) on non-derivative financial assets	13,778,393	48,473
Change in unrealized appreciation (depreciation) of non-derivative financial assets	10,458,248	33,944,417
Net gain (loss) on investments	36,644,998	40,581,383
Other income	5,755	801
Total income (loss)	<u>36,650,753</u>	<u>40,582,184</u>
EXPENSES		
Management fees (note 5)	6,499,005	3,367,096
Administration fees (note 6)	53,656	—
Harmonized Sales Tax/Goods and Services Tax	614,242	325,526
Audit fees	6,812	6,385
Independent Review Committee fees	636	246
Custodian fees	3,167	1,786
Filing fees	16,519	20,532
Legal fees	936	712
Unitholder reporting costs	6,835	7,232
Unitholder administration and service fees	29,699	31,422
Foreign withholding taxes/tax reclaims	361,315	244,250
Total expenses	<u>7,592,822</u>	<u>4,005,187</u>
Net expenses	<u>7,592,822</u>	<u>4,005,187</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$29,057,931</u>	<u>\$36,576,997</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES		
Series A Units	<u>\$29,057,931</u>	<u>\$36,576,997</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*		
Series A Units	<u>\$ 1.61</u>	<u>\$ 3.33</u>
WEIGHTED AVERAGE NUMBER OF UNITS		
Series A Units	<u>18,075,963</u>	<u>10,988,700</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD		
Series A Units	<u>\$233,548,583</u>	<u>\$117,476,970</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS		
Series A Units	<u>29,057,931</u>	<u>36,576,997</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS		
From realized gain		
Series A Units	<u>(16,362,811)</u>	<u>—</u>
REDEEMABLE UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	<u>170,355,276</u>	<u>94,540,850</u>
Reinvested distributions		
Series A Units	<u>16,344,331</u>	<u>—</u>
Payments on redemption		
Series A Units	<u>(36,657,629)</u>	<u>(15,046,234)</u>
	<u>150,041,978</u>	<u>79,494,616</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		
Series A Units	<u>162,737,098</u>	<u>116,071,613</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD		
Series A Units	<u>\$396,285,681</u>	<u>\$233,548,583</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 29,057,931	\$ 36,576,997
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(13,778,393)	(48,473)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(10,458,248)	(33,944,417)
Purchases of non-derivative financial assets	(209,355,777)	(80,575,476)
Proceeds from sale of non-derivative financial assets	72,870,188	350,008
Accrued investment income	(800)	(1,001)
Net cash provided by (used in) operating activities	<u>(131,665,099)</u>	<u>(77,642,362)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable units	169,779,192	93,872,041
Amounts paid on redemption of redeemable units	<u>(36,757,987)</u>	<u>(14,898,658)</u>
Net cash provided by (used in) financing activities	<u>133,021,205</u>	<u>78,973,383</u>
Net increase (decrease) in cash	<u>1,356,106</u>	<u>1,331,021</u>
Cash (Bank Indebtedness) at beginning of period	<u>2,197,165</u>	<u>866,144</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 3,553,271</u>	<u>\$ 2,197,165</u>
Interest received(1)	988,297	40,248
Dividends received, net of withholding taxes(1)	5,622,702	3,811,964

(1) Classified as operating items.

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

Scotia INNOVA Maximum Growth Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 7.7%			
817,754	Scotia Canadian Income Fund Series I	11,154,363	11,375,127
1,093,557	Scotia Private American Core-Plus Bond Pool Series I	10,202,780	10,470,588
905,713	Scotia Private High Yield Income Pool Series I	8,825,284	8,564,243
		<u>30,182,427</u>	<u>30,409,958</u>
CANADIAN EQUITY FUNDS – 37.3%			
729,250	1832 AM North American Preferred Share LP Series I	7,353,187	7,707,223
905,776	Scotia Canadian Dividend Fund Series I	39,081,358	47,436,492
1,503,129	Scotia Private Canadian Equity Pool Series I	17,934,616	19,623,650
2,206,375	Scotia Private Canadian Growth Pool Series I	28,730,459	33,795,924
1,198,823	Scotia Private Canadian Small Cap Pool Series I	34,797,526	39,072,405
		<u>127,897,146</u>	<u>147,635,694</u>
FOREIGN EQUITY FUNDS – 54.3%			
1,739,023	1832 AM Global Completion LP Series I	17,731,552	19,748,340
2,017,460	Scotia Global Low Volatility Equity LP Series I	20,484,773	24,053,775
2,024,945	Scotia Private Emerging Markets Pool Series I	18,887,696	19,811,054
1,185,603	Scotia Private Global Equity Pool Series I	17,811,845	23,908,987
893,486	Scotia Private Global Real Estate Pool Series I	12,579,651	16,008,949
3,144,882	Scotia Private International Equity Pool Series I	33,370,105	37,677,575
604,789	Scotia Private U.S. Mid Cap Growth Pool Series I	12,021,337	16,205,264
1,423,756	Scotia Private U.S. Value Pool Series I	19,096,960	22,324,358
3,119,145	Scotia U.S. Low Volatility Equity LP Series I	31,528,867	35,751,016
		<u>183,512,786</u>	<u>215,489,318</u>
	TOTAL INVESTMENT PORTFOLIO	<u>341,592,359</u>	<u>393,534,970</u>
	OTHER ASSETS, LESS LIABILITIES – 0.7%		<u>2,750,711</u>
	NET ASSETS – 100.0%		<u><u>396,285,681</u></u>

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

Scotia INNOVA Maximum Growth Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long term capital appreciation. It invests primarily in a diversified mix of mutual funds and/or equity securities located anywhere in the world. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$519,486 or approximately 0.1% (December 31, 2013 – nil, January 1, 2013 – nil). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 91.6% (December 31, 2013 – 98.8%, January 1, 2013 – 99.2%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$36,312,501 (December 31, 2013 – \$23,081,274, January 1, 2013 – \$11,659,438). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$2,146,934	\$ –	\$228,812	\$ –	\$81,236
Redeemable units	396,285,681	–	233,548,583	–	117,476,970	–
	\$396,285,681	\$2,146,934	\$233,548,583	\$228,812	\$117,476,970	\$81,236

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

Scotia INNOVA Maximum Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	7.7	—	—
Canadian Equity Funds	37.3	45.4	45
Foreign Equity Funds	54.3	53.4	54.2

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$393,534,970	\$ —	\$ —	\$393,534,970

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$230,812,740	\$ —	\$ —	\$230,812,740

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$116,594,382	\$ —	\$ —	\$116,594,382

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 172,517,483	\$ 19,811,054	5.0
1832 AM North American Preferred Share LP Series I	368,540,953	7,707,223	1.9
Scotia Global Low Volatility Equity LP Series I	604,457,652	24,053,775	6.1
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	35,751,016	9.0
1832 AM Global Completion LP Series I	289,313,699	19,748,340	5.0
Scotia Private High Yield Income Pool Series I	910,438,382	8,564,243	2.2
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	10,470,588	2.6
Scotia Private Canadian Growth Pool Series I	331,181,286	33,795,924	8.5
Scotia Private Canadian Small Cap Pool Series I	538,492,305	39,072,405	9.9
Scotia Private U.S. Value Pool Series I	289,278,933	22,324,358	5.6
Scotia Private U.S. Mid Cap Growth Pool Series I	173,925,451	16,205,264	4.1
Scotia Private International Equity Pool Series I	600,735,759	37,677,575	9.5
Scotia Private Global Equity Pool Series I	459,739,970	23,908,987	6.0
Scotia Private Global Real Estate Pool Series I	273,276,031	16,008,949	4.0
Scotia Private Canadian Equity Pool Series I	1,014,747,384	19,623,650	5.0
Scotia Canadian Dividend Fund Series I	7,347,067,396	47,436,492	12.0
Scotia Canadian Income Fund Series I	5,990,064,451	11,375,127	2.9
		\$393,534,970	99.3

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

Scotia INNOVA Maximum Growth Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 217,679,760	\$ 11,311,842	4.8
Scotia Private Canadian Growth Pool Series I	258,721,799	25,611,593	11.0
Scotia Private Canadian Small Cap Pool Series I	396,023,757	29,128,540	12.5
Scotia Private U.S. Value Pool Series I	438,348,429	19,483,835	8.3
Scotia Private U.S. Mid Cap Growth Pool Series I	106,986,790	7,986,451	3.4
Scotia Private International Equity Pool Series I	772,556,193	42,660,769	18.3
Scotia Private Global Equity Pool Series I	518,669,821	22,819,949	9.8
Scotia Private Global Real Estate Pool Series I	314,362,180	11,372,325	4.9
Scotia Private Canadian Equity Pool Series I	822,088,599	15,186,087	6.5
Scotia Canadian Dividend Fund Series I	6,027,537,970	36,078,560	15.4
Scotia Private U.S. Equity Pool Series I	469,093,898	9,172,789	3.9
		\$230,812,740	98.8

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 133,105,189	\$ 5,949,370	5.1
Scotia Private Canadian Growth Pool Series I	170,764,724	12,758,257	10.9
Scotia Private Canadian Small Cap Pool Series I	232,574,170	14,559,989	12.4
Scotia Private U.S. Value Pool Series I	260,145,009	9,796,809	8.3
Scotia Private U.S. Mid Cap Growth Pool Series I	61,828,204	4,071,873	3.5
Scotia Private International Equity Pool Series I	448,297,693	21,684,800	18.5
Scotia Private Global Equity Pool Series I	337,699,478	11,642,681	9.9
Scotia Private Global Real Estate Pool Series I	223,229,954	5,940,057	5.0
Scotia Private Canadian Equity Pool Series I	565,707,023	7,555,379	6.4
Scotia Canadian Dividend Fund Series I	4,574,752,946	18,002,470	15.3
Scotia Private U.S. Equity Pool Series I	504,307,634	4,632,697	3.9
		\$116,594,382	99.2

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	17.95	17.95	17.08	17.08

Scotia Aria Conservative Build Portfolio

STATEMENT OF FINANCIAL POSITION

As at

As at	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$1,557,957
Cash	26,620
Accrued investment income	62
Subscriptions receivable	225,000
	<u>1,809,639</u>
LIABILITIES	
Current liabilities	
Payable for securities purchased	219,918
Net Assets attributable to holders of redeemable units	<u>\$1,589,721</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	\$ 944,088
Premium Series Units	<u>\$ 645,633</u>
UNITS OUTSTANDING	
Series A Units	95,361
Premium Series Units	<u>65,101</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	\$ 9.90
Premium Series Units	<u>\$ 9.92</u>

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 1,583
Interest for distribution purposes	4,799
Capital gains distributions received	13,607
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(10,085)
Net gain (loss) on investments	<u>9,904</u>
Total income (loss)	<u>9,904</u>
EXPENSES	
Management fees (note 5)	1,324
Administration fees (note 6)	90
Harmonized Sales Tax/Goods and Services Tax	182
Foreign withholding taxes/tax reclaims	75
Total expenses	<u>1,671</u>
Net expenses	<u>1,671</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 8,233</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	\$ 4,455
Premium Series Units	<u>\$ 3,778</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	\$ 0.06
Premium Series Units	<u>\$ 0.17</u>
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	70,336
Premium Series Units	21,985

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

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series A Units	\$ –
Premium Series Units	<u>–</u>
	<u>–</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	4,455
Premium Series Units	<u>3,778</u>
	<u>8,233</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(5,370)
Premium Series Units	(4,181)
From realized gain	
Series A Units	(7,923)
Premium Series Units	<u>(5,423)</u>
	<u>(22,897)</u>
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	939,633
Premium Series Units	641,855
Reinvested distributions	
Series A Units	13,293
Premium Series Units	<u>9,604</u>
	<u>1,604,385</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	944,088
Premium Series Units	<u>645,633</u>
	<u>1,589,721</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	944,088
Premium Series Units	<u>645,633</u>
	<u>\$1,589,721</u>

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 8,233
Adjustments For:	
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	10,085
Purchases of non-derivative financial assets	(1,348,124)
Accrued investment income	(62)
Net cash provided by (used in) operating activities	<u>(1,329,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	1,356,488
Net cash provided by (used in) financing activities	<u>1,356,488</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 26,620</u>
Interest received(1)	4,737
Dividends received, net of withholding taxes(1)	<u>1,508</u>

(1) Classified as operating items.

** Fund's inception date was November 19, 2014. Accordingly, there were no comparative figures shown.

Scotia Aria Conservative Build Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 61.4%			
11,337	PIMCO Monthly Income Fund (Canada) Class I	165,042	163,054
19,517	Scotia Canadian Income Fund Series I	270,862	271,486
11,317	Scotia Private American Core-Plus Bond Pool Series I	108,602	108,357
15,036	Scotia Private Canadian Corporate Bond Pool Series I	162,675	162,925
17,173	Scotia Private High Yield Income Pool Series I	164,699	162,383
10,230	Scotia Private Short-Mid Government Bond Pool Series I	108,319	108,529
		<u>980,199</u>	<u>976,734</u>
CANADIAN EQUITY FUNDS – 24.8%			
10,318	1832 AM North American Preferred Share LP Series I	108,148	109,047
5,790	CI Cambridge Canadian Equity Corporate Class I	112,029	114,238
8,556	Dynamic Value Fund of Canada Series O	104,614	98,568
1,379	Scotia Private Canadian Mid Cap Pool Series I	30,292	27,826
1,346	Scotia Private Canadian Small Cap Pool Series I	46,550	43,857
		<u>401,633</u>	<u>393,536</u>
FOREIGN EQUITY FUNDS – 11.8%			
3,451	1832 AM Global Completion LP Series I	38,810	39,184
1,491	CI Black Creek International Equity Corp Class I	27,612	27,465
1,428	Scotia Global Growth Fund Series I	74,057	74,095
3,885	Scotia U.S. Dividend Growers LP Series I	45,731	46,943
		<u>186,210</u>	<u>187,687</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,568,042</u>	<u>1,557,957</u>
	OTHER ASSETS, LESS LIABILITIES – 2.0%		<u>31,764</u>
	NET ASSETS – 100.0%		<u>1,589,721</u>

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

Scotia Aria Conservative Build Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The portfolio invests primarily in a diversified mix of mutual funds, equity securities and/or fixed income securities located anywhere in the world and aims to achieve modest long term capital appreciation with a secondary focus on income generation using a balanced approach to investing. The majority of the portfolio's assets will be held in fixed income securities. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014, and as such, transitional adjustments described in note 12 is not required.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$11,235 or approximately 0.7%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 36.6% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$58,122. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	<u>December 31, 2014</u>	
	<u>On demand</u>	<u>Less than 3 months</u>
Accounts Payable and accrued liabilities	\$ –	\$219,918
Redeemable units	1,589,721	–
	<u>\$1,589,721</u>	<u>\$219,918</u>

Scotia Aria Conservative Build Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	61.4
Canadian Equity Funds	24.8
Foreign Equity Funds	11.8

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,557,957	\$ –	\$ –	\$1,557,957

Transfers Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia U.S. Dividend Growers LP Series I	\$ 137,216,159	\$ 46,943	3.0
1832 AM North American Preferred Share LP Series I	368,540,953	109,047	6.9
1832 AM Global Completion LP Series I	289,313,699	39,184	2.5
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	114,238	7.2
CI Black Creek International Equity Corp Class I	685,165,882	27,465	1.7
Dynamic Value Fund of Canada Series O	2,253,505,288	98,568	6.2
Scotia Private High Yield Income Pool Series I	910,438,382	162,383	10.2
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	108,357	6.8
Scotia Private Canadian Small Cap Pool Series I	538,492,305	43,857	2.8
Scotia Private Canadian Mid Cap Pool Series I	57,129,896	27,826	1.8
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	163,054	10.2
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	162,925	10.2
Scotia Canadian Income Fund Series I	5,990,064,451	271,486	17.1
Scotia Global Growth Fund Series I	606,644,389	74,095	4.7
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	108,529	6.8
		1,557,957	98.0

6. Comparison of Net Asset Value Per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014.

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.90	9.90
Premium Series	9.92	9.92

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

Scotia Aria Conservative Core Portfolio

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$5,334,766
Cash	730,230
Accrued investment income	245
Subscriptions receivable	515,000
	<u>6,580,241</u>
LIABILITIES	
Current liabilities	
Payable for securities purchased	1,136,000
Distributions payable	2,969
	<u>1,138,969</u>
Net Assets attributable to holders of redeemable units	<u>\$5,441,272</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	\$2,598,938
Series TL Units	\$ 5,020
Series T Units	\$ 111,079
Series TH Units	\$ 123,402
Premium Series Units	\$2,183,062
Premium TL Series Units	\$ 190,001
Premium T Series Units	\$ 224,748
Premium TH Series Units	\$ 5,022
UNITS OUTSTANDING	
Series A Units	261,004
Series TL Units	335
Series T Units	7,411
Series TH Units	8,246
Premium Series Units	219,332
Premium TL Series Units	12,743
Premium T Series Units	14,994
Premium TH Series Units	336
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	\$ 9.96
Series TL Units	\$ 14.98
Series T Units	\$ 14.99
Series TH Units	\$ 14.96
Premium Series Units	\$ 9.95
Premium TL Series Units	\$ 14.91
Premium T Series Units	\$ 14.99
Premium TH Series Units	\$ 14.95

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 4,257
Interest for distribution purposes	10,025
Capital gains distributions received	15,713
Change in unrealized appreciation (depreciation) of non-derivative financial assets	1,603
Net gain (loss) on investments	<u>31,598</u>
Total income (loss)	<u>31,598</u>
EXPENSES	
Management fees (note 5)	3,477
Administration fees (note 6)	238
Harmonized Sales Tax/Goods and Services Tax	482
Foreign withholding taxes/tax reclaims	111
Total expenses	<u>4,308</u>
Net expenses	<u>4,308</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 27,290</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	\$ 10,245
Series TL Units	\$ 20
Series T Units	\$ 1,760
Series TH Units	\$ 801
Premium Series Units	\$ 10,679
Premium TL Series Units	\$ 1,052
Premium T Series Units	\$ 2,711
Premium TH Series Units	\$ 22
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	\$ 0.07
Series TL Units	\$ 0.06
Series T Units	\$ 0.52
Series TH Units	\$ 0.35
Premium Series Units	\$ 0.12
Premium TL Series Units	\$ 0.21
Premium T Series Units	\$ 0.46
Premium TH Series Units	\$ 0.07
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	137,332
Series TL Units	334
Series T Units	3,394
Series TH Units	2,258
Premium Series Units	86,251
Premium TL Series Units	4,999
Premium T Series Units	5,880
Premium TH Series Units	334

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

Scotia Aria Conservative Core Portfolio (Continued)

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series A Units	\$ –
Series TL Units	–
Series T Units	–
Series TH Units	–
Premium Series Units	–
Premium TL Series Units	–
Premium T Series Units	–
Premium TH Series Units	–
	<u>–</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	10,245
Series TL Units	20
Series T Units	1,760
Series TH Units	801
Premium Series Units	10,679
Premium TL Series Units	1,052
Premium T Series Units	2,711
Premium TH Series Units	22
	<u>27,290</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(5,753)
Series TL Units	(7)
Series T Units	(261)
Series TH Units	(331)
Premium Series Units	(5,475)
Premium TL Series Units	(477)
Premium T Series Units	(565)
Premium TH Series Units	(19)
From realized gain	
Series A Units	(10,868)
Series TL Units	(21)
Series T Units	(465)
Series TH Units	(516)
Premium Series Units	(9,132)
Premium TL Series Units	(795)
Premium T Series Units	(940)
Premium TH Series Units	(21)
	<u>(35,646)</u>
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	2,588,692
Series TL Units	5,000
Series T Units	110,000
Series TH Units	123,396
Premium Series Units	2,172,417
Premium TL Series Units	188,950
Premium T Series Units	223,496
Premium TH Series Units	5,000
Reinvested distributions	
Series A Units	16,622
Series TL Units	28
Series T Units	45
Series TH Units	52
Premium Series Units	14,573
Premium TL Series Units	1,271
Premium T Series Units	46
Premium TH Series Units	40
	<u>5,449,628</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	2,598,938
Series TL Units	5,020
Series T Units	111,079
Series TH Units	123,402
Premium Series Units	2,183,062
Premium TL Series Units	190,001
Premium T Series Units	224,748
Premium TH Series Units	5,022
	<u>5,441,272</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	2,598,938
Series TL Units	5,020
Series T Units	111,079
Series TH Units	123,402
Premium Series Units	2,183,062
Premium TL Series Units	190,001
Premium T Series Units	224,748
Premium TH Series Units	5,022
	<u>\$5,441,272</u>

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 27,290
Adjustments For:	
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(1,603)
Purchases of non-derivative financial assets	(4,197,163)
Accrued investment income	(245)
Net cash provided by (used in) operating activities	<u>(4,171,721)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	4,901,951
Net cash provided by (used in) financing activities	<u>4,901,951</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 730,230</u>
Interest received(1)	9,780
Dividends received, net of withholding taxes(1)	4,146

(1) Classified as operating items.

** Fund's inception date was November 19, 2014. Accordingly, there were no comparative figures shown.

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

Scotia Aria Conservative Core Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 73.3%			
37,442	CI Signature Corporate Bond Fund Class I	398,522	398,760
144,602	Dynamic Canadian Bond Fund Series O	797,116	798,201
27,727	PIMCO Monthly Income Fund (Canada) Class I	401,514	398,772
99,670	Scotia Floating Rate Income Fund Series I	995,673	995,955
36,819	Scotia Private Canadian Corporate Bond Pool Series I	398,527	398,964
94,023	Scotia Private Short-Mid Government Bond Pool Series I	996,165	997,469
		<u>3,987,517</u>	<u>3,988,121</u>
CANADIAN EQUITY FUNDS – 16.8%			
13,662	CI Cambridge Canadian Equity Corporate Class I	265,025	269,561
25,045	Dynamic Dividend Advantage Fund Series O	222,050	216,386
8,245	Scotia Canadian Dividend Fund Series I	425,844	431,786
		<u>912,919</u>	<u>917,733</u>
FOREIGN EQUITY FUNDS – 7.9%			
14,587	Dynamic Alternative Yield Fund Series O	166,768	162,495
8,948	Scotia Global Low Volatility Equity LP Series I	105,700	106,689
4,460	Scotia Private International Equity Pool Series I	54,309	53,435
9,274	Scotia U.S. Low Volatility Equity LP Series I	105,950	106,293
		<u>432,727</u>	<u>428,912</u>
	TOTAL INVESTMENT PORTFOLIO	<u>5,333,163</u>	<u>5,334,766</u>
	OTHER ASSETS, LESS LIABILITIES – 2.0%		<u>106,506</u>
	NET ASSETS – 100.0%		<u>5,441,272</u>

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

Scotia Aria Conservative Core Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The portfolio invests primarily in a diversified mix of mutual funds, equity securities and/or fixed income securities located anywhere in the world and aims to achieve modest long term capital appreciation using a balanced approach to investing through investments that the portfolio advisor assesses to be less volatile than that of broad markets. The majority of the portfolio's assets will be held in fixed income securities. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014, and as such, transitional adjustments described in note 12 is not required.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$36,053 or approximately 0.7%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 24.7% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$134,665. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$1,138,969
Redeemable units	5,441,272	–
	<u>\$5,441,272</u>	<u>\$1,138,969</u>

Scotia Aria Conservative Core Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	73.3
Canadian Equity Funds	16.8
Foreign Equity Funds	7.9

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$5,334,766	\$ –	\$ –	\$5,334,766

Transfers Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Floating Rate Income Fund Series I	\$ 647,072,278	\$ 995,955	18.3
Scotia Global Low Volatility Equity LP Series I	604,457,652	106,689	2.0
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	106,293	2.0
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	269,561	5.0
CI Signature Corporate Bond Fund Class I	2,779,935,434	398,760	7.3
Dynamic Canadian Bond Fund Series O	1,713,889,460	798,201	14.7
Dynamic Dividend Advantage Fund Series O	976,645,997	216,386	4.0
Dynamic Alternative Yield Fund Series O	1,092,406,574	162,495	3.0
Scotia Private International Equity Pool Series I	600,735,759	53,435	1.0
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	398,772	7.3
Scotia Canadian Dividend Fund Series I	7,347,067,396	431,786	7.9
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	398,964	7.3
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	997,469	18.2
		\$5,334,766	98.0

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.96	9.96
Series TL	14.98	14.98
Series T	14.99	14.99
Series TH	14.96	14.96
Premium Series	9.95	9.95
Premium TL Series	14.91	14.91
Premium T Series	14.99	14.99
Premium TH Series	14.95	14.95

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

Scotia Aria Conservative Pay Portfolio

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$4,613,694
Cash	136,007
Accrued investment income	193
Subscriptions receivable	561,015
	<u>5,310,909</u>
LIABILITIES	
Current liabilities	
Payable for securities purchased	401,000
Distributions payable	18,620
Redemptions payable	660
	<u>420,280</u>
Net Assets attributable to holders of redeemable units	<u>\$4,890,629</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	\$2,289,296
Series TL Units	\$ 5,023
Series T Units	\$ 431,908
Series TH Units	\$ 55,590
Premium Series Units	\$ 894,508
Premium TL Series Units	\$ 509,190
Premium T Series Units	\$ 99,506
Premium TH Series Units	<u>\$ 605,608</u>
UNITS OUTSTANDING	
Series A Units	232,189
Series TL Units	337
Series T Units	29,067
Series TH Units	3,726
Premium Series Units	90,953
Premium TL Series Units	34,527
Premium T Series Units	6,657
Premium TH Series Units	<u>40,538</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	\$ 9.86
Series TL Units	\$ 14.89
Series T Units	\$ 14.86
Series TH Units	\$ 14.92
Premium Series Units	\$ 9.83
Premium TL Series Units	\$ 14.75
Premium T Series Units	\$ 14.95
Premium TH Series Units	<u>\$ 14.94</u>

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 6,762
Interest for distribution purposes	10,498
Capital gains distributions received	18,424
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(665)
Net gain (loss) on investments	<u>35,019</u>
Total income (loss)	<u>35,019</u>
EXPENSES	
Management fees (note 5)	3,217
Administration fees (note 6)	219
Harmonized Sales Tax/Goods and Services Tax	447
Foreign withholding taxes/tax reclaims	657
Total expenses	<u>4,540</u>
Net expenses	<u>4,540</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 30,479</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	\$ 10,153
Series TL Units	\$ 23
Series T Units	\$ 5,735
Series TH Units	\$ 681
Premium Series Units	\$ 1,262
Premium TL Series Units	\$ 1,464
Premium T Series Units	\$ 2,057
Premium TH Series Units	<u>\$ 9,104</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	\$ 0.09
Series T Units	\$ 0.38
Series TH Units	\$ 0.59
Premium Series Units	\$ 0.05
Premium TL Series Units	\$ 0.12
Premium T Series Units	\$ 0.75
Premium TH Series Units	<u>\$ 0.42</u>
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	112,413
Series TL Units	7,612
Series T Units	14,920
Series TH Units	1,158
Premium Series Units	26,670
Premium TL Series Units	12,174
Premium T Series Units	2,728
Premium TH Series Units	<u>21,555</u>

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

Scotia Aria Conservative Pay Portfolio (Continued)

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series A Units	\$ –
Series TL Units	–
Series T Units	–
Series TH Units	–
Premium Series Units	–
Premium TL Series Units	–
Premium T Series Units	–
Premium TH Series Units	–
	–
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	10,153
Series TL Units	23
Series T Units	5,735
Series TH Units	681
Premium Series Units	1,262
Premium TL Series Units	1,464
Premium T Series Units	2,057
Premium TH Series Units	9,104
	30,479
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(19,507)
Series TL Units	(28)
Series T Units	(4,052)
Series TH Units	(542)
Premium Series Units	(8,783)
Premium TL Series Units	(4,760)
Premium T Series Units	(958)
Premium TH Series Units	(5,701)
From realized gain	
Series A Units	(12,988)
Series TL Units	(31)
Series T Units	(2,686)
Series TH Units	(346)
Premium Series Units	(5,566)
Premium TL Series Units	(3,167)
Premium T Series Units	(619)
Premium TH Series Units	(3,767)
	(73,501)
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	2,282,947
Series TL Units	5,000
Series T Units	430,000
Series TH Units	55,700
Premium Series Units	893,246
Premium TL Series Units	507,726
Premium T Series Units	98,935
Premium TH Series Units	605,875
Reinvested distributions	
Series A Units	29,351
Series TL Units	59
Series T Units	2,911
Series TH Units	97
Premium Series Units	14,349
Premium TL Series Units	7,927
Premium T Series Units	91
Premium TH Series Units	97
Payments on redemption	
Series A Units	(660)
	4,933,651
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	2,289,296
Series TL Units	5,023
Series T Units	431,908
Series TH Units	55,590
Premium Series Units	894,508
Premium TL Series Units	509,190
Premium T Series Units	99,506
Premium TH Series Units	605,608
	4,890,629
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	2,289,296
Series TL Units	5,023
Series T Units	431,908
Series TH Units	55,590
Premium Series Units	894,508
Premium TL Series Units	509,190
Premium T Series Units	99,506
Premium TH Series Units	605,608
	\$4,890,629

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 30,479
Adjustments For:	
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	665
Purchases of non-derivative financial assets	(4,213,359)
Accrued investment income	(193)
Net cash provided by (used in) operating activities	(4,182,408)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	4,318,414
Distributions to unitholders of redeemable units	1
Net cash provided by (used in) financing activities	4,318,415
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	\$ 136,007
Interest received(1)	10,305
Dividends received, net of withholding taxes(1)	6,105

(1) Classified as operating items.

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

Scotia Aria Conservative Pay Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 59.8%			
17,327	Dynamic Premium Yield Fund Series O	189,293	186,436
33,602	PIMCO Monthly Income Fund (Canada) Class I	487,653	483,281
16,802	Scotia Private American Core-Plus Bond Pool Series I	161,155	160,871
59,416	Scotia Private Canadian Corporate Bond Pool Series I	642,684	643,814
34,016	Scotia Private High Yield Income Pool Series I	325,160	321,646
45,552	Scotia Private Short-Mid Government Bond Pool Series I	482,252	483,253
59,714	Scotia Total Return Bond LP Series I	639,369	643,315
		<u>2,927,566</u>	<u>2,922,616</u>
CANADIAN EQUITY FUNDS – 25.1%			
45,774	1832 AM North American Preferred Share LP Series I	477,983	483,777
11,798	CI Cambridge Canadian Equity Corporate Class I	228,830	232,770
21,609	Dynamic Dividend Advantage Fund Series O	191,888	186,700
6,222	Scotia Canadian Dividend Fund Series I	321,727	325,831
		<u>1,220,428</u>	<u>1,229,078</u>
FOREIGN EQUITY FUNDS – 9.4%			
2,845	Dynamic Global Infrastructure Fund Series O	45,399	46,344
9,100	Pinnacle Emerging Markets Fund Class I	91,482	92,291
7,265	Scotia Global Dividend Fund Series I	118,444	115,403
7,719	Scotia Private International Equity Pool Series I	94,084	92,475
3,363	Scotia U.S. Dividend Fund Series I	49,002	46,169
5,737	Scotia U.S. Dividend Growers LP Series I	67,954	69,318
		<u>466,365</u>	<u>462,000</u>
	TOTAL INVESTMENT PORTFOLIO	<u>4,614,359</u>	<u>4,613,694</u>
	OTHER ASSETS, LESS LIABILITIES – 5.7%		<u>276,935</u>
	NET ASSETS – 100.0%		<u>4,890,629</u>

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

Scotia Aria Conservative Pay Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The portfolio invests primarily in a diversified mix of mutual funds, equity securities and/or fixed income securities located anywhere in the world and aims to generate income and modest long term capital appreciation using a balanced approach to investing through investments in income producing equity and fixed income securities. The majority of the portfolio's assets will be held in fixed income securities. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014, and as such, transitional adjustments described in note 12 is not required.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$28,495 or approximately 0.6%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 36.1% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$169,108. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$420,280
Redeemable units	4,890,629	–
	\$4,890,629	\$420,280

Scotia Aria Conservative Pay Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	59.8
Canadian Equity Funds	25.1
Foreign Equity Funds	9.4

vii) Fair value classification (note 2)

The table below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$4,613,694	\$ –	\$ –	\$4,613,694

Transfers Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia U.S. Dividend Growers LP Series I	\$ 137,216,159	\$ 69,318	1.4
Scotia Global Dividend Fund Series I	423,458,562	115,403	2.4
1832 AM North American Preferred Share LP Series I	368,540,953	483,777	9.9
Scotia Total Return Bond LP Series I	359,431,823	643,315	13.1
Scotia Private Real Estate Income Pool Series I	190,820,612	92,291	1.9
Scotia U.S. Dividend Fund Series I	174,194,892	46,169	0.9
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	232,770	4.8
Dynamic Dividend Advantage Fund Series O	976,645,997	186,700	3.8
Dynamic Global Infrastructure Fund Series O	564,666,720	46,344	0.9
Dynamic Premium Yield Fund Series O	196,413,620	186,436	3.8
Scotia Private High Yield Income Pool Series I	910,438,382	321,646	6.6
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	160,871	3.3
Scotia Private International Equity Pool Series I	600,735,759	92,475	1.9
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	483,281	9.9
Scotia Canadian Dividend Fund Series I	7,347,067,396	325,831	6.7
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	643,814	13.1
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	483,253	9.9
		\$4,613,694	94.3

Scotia Aria Conservative Pay Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.86	9.86
Series TL	14.89	14.89
Series T	14.86	14.86
Series TH	14.92	14.92
Premium Series	9.83	9.83
Premium TL Series	14.75	14.75
Premium T Series	14.95	14.95
Premium TH Series	14.94	14.94

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

Scotia Aria Moderate Build Portfolio

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$2,296,352
Cash	46,318
Accrued investment income	101
Subscriptions receivable	128,830
	<u>2,471,601</u>
Net Assets attributable to holders of redeemable units	<u>\$2,471,601</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	\$1,762,323
Premium Series Units	<u>\$ 709,278</u>
UNITS OUTSTANDING	
Series A Units	179,286
Premium Series Units	<u>72,182</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	\$ 9.83
Premium Series Units	<u>\$ 9.83</u>

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 5,988
Interest for distribution purposes	5,216
Capital gains distributions received	27,139
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>(22,553)</u>
Net gain (loss) on investments	15,790
Total income (loss)	<u>15,790</u>
EXPENSES	
Management fees (note 5)	1,922
Administration fees (note 6)	122
Harmonized Sales Tax/Goods and Services Tax	267
Foreign withholding taxes/tax reclaims	408
Total expenses	<u>2,719</u>
Net expenses	<u>2,719</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 13,071</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	\$ 8,123
Premium Series Units	<u>\$ 4,948</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	\$ 0.09
Premium Series Units	<u>\$ 0.15</u>
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	93,769
Premium Series Units	33,243

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

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series A Units	\$ –
Premium Series Units	<u>–</u>
	<u>–</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	8,123
Premium Series Units	<u>4,948</u>
	<u>13,071</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(9,893)
Premium Series Units	<u>(4,339)</u>
From realized gain	
Series A Units	(19,493)
Premium Series Units	<u>(8,230)</u>
	<u>(41,955)</u>
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	1,754,200
Premium Series Units	<u>704,330</u>
Reinvested distributions	
Series A Units	29,386
Premium Series Units	<u>12,569</u>
	<u>2,500,485</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	1,762,323
Premium Series Units	<u>709,278</u>
	<u>2,471,601</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	1,762,323
Premium Series Units	<u>709,278</u>
	<u>\$2,471,601</u>

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 13,071
Adjustments For:	
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	22,553
Purchases of non-derivative financial assets	<u>(2,318,905)</u>
Accrued investment income	<u>(101)</u>
Net cash provided by (used in) operating activities	<u>(2,283,382)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	2,329,700
Net cash provided by (used in) financing activities	<u>2,329,700</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 46,318</u>
Interest received(1)	5,115
Dividends received, net of withholding taxes(1)	<u>5,580</u>

(1) Classified as operating items.

** Fund's inception date was November 19, 2014. Accordingly, there were no comparative figures shown.

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

Scotia Aria Moderate Build Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 41.6%			
11,884	PIMCO Monthly Income Fund (Canada) Class I	172,557	170,923
20,565	Scotia Canadian Income Fund Series I	285,223	286,056
11,935	Scotia Private American Core-Plus Bond Pool Series I	114,379	114,279
15,844	Scotia Private Canadian Corporate Bond Pool Series I	171,290	171,678
30,126	Scotia Private High Yield Income Pool Series I	287,978	284,866
		<u>1,031,427</u>	<u>1,027,802</u>
CANADIAN EQUITY FUNDS – 28.1%			
10,918	1832 AM North American Preferred Share LP Series I	114,185	115,391
10,193	CI Cambridge Canadian Equity Corporate Class I	198,599	201,100
14,989	Dynamic Value Fund of Canada Series O	182,361	172,676
4,325	Scotia Private Canadian Mid Cap Pool Series I	94,121	87,258
3,606	Scotia Private Canadian Small Cap Pool Series I	123,540	117,518
		<u>712,806</u>	<u>693,943</u>
FOREIGN EQUITY FUNDS – 23.2%			
5,059	1832 AM Global Completion LP Series I	57,017	57,445
6,245	CI Black Creek International Equity Corp Class I	115,535	115,042
2,756	Scotia Global Growth Fund Series I	143,329	143,024
5,927	Scotia Private Emerging Markets Pool Series I	58,663	57,986
3,200	Scotia Private Global Real Estate Pool Series I	57,942	57,339
2,080	Scotia Private U.S. Mid Cap Value Pool Series I	29,561	28,827
9,514	Scotia U.S. Dividend Growers LP Series I	112,625	114,944
		<u>574,672</u>	<u>574,607</u>
	TOTAL INVESTMENT PORTFOLIO	<u>2,318,905</u>	<u>2,296,352</u>
	OTHER ASSETS, LESS LIABILITIES – 7.1%		175,249
	NET ASSETS – 100.0%		<u>2,471,601</u>

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

Scotia Aria Moderate Build Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The portfolio invests primarily in a diversified mix of mutual funds, equity securities and/or fixed income securities located anywhere in the world and aims to achieve moderate long term capital appreciation with a secondary focus on income generation using a balanced approach to investing with a neutral asset mix of equity and fixed income securities. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014, and as such, transitional adjustments described in note 12 is not required.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$11,749 or approximately 0.5%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 53.1% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$126,855. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$ –
Redeemable units	2,471,601	–
	\$2,471,601	\$ –

Scotia Aria Moderate Build Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	41.6
Canadian Equity Funds	28.1
Foreign Equity Funds	23.2

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,296,352	\$ –	\$ –	\$2,296,352

Transfers Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 172,517,483	\$ 57,986	2.3
Scotia U.S. Dividend Growers LP Series I	137,216,159	114,944	4.7
1832 AM North American Preferred Share LP Series I	368,540,953	115,391	4.7
1832 AM Global Completion LP Series I	289,313,699	57,445	2.3
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	201,100	8.1
CI Black Creek International Equity Corp Class I	685,165,882	115,042	4.7
Dynamic Value Fund of Canada Series O	2,253,505,288	172,676	7.0
Scotia Private High Yield Income Pool Series I	910,438,382	284,866	11.5
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	114,279	4.6
Scotia Private Canadian Small Cap Pool Series I	538,492,305	117,518	4.8
Scotia Private Canadian Mid Cap Pool Series I	57,129,896	87,258	3.5
Scotia Private U.S. Mid Cap Value Pool Series I	29,902,603	28,827	1.2
Scotia Private Global Real Estate Pool Series I	273,276,031	57,339	2.3
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	170,923	6.9
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	171,678	6.9
Scotia Canadian Income Fund Series I	5,990,064,451	286,056	11.6
Scotia Global Growth Fund Series I	606,644,389	143,024	5.8
		\$2,296,352	92.9

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.83	9.83
Premium Series	9.83	9.83

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

Scotia Aria Moderate Core Portfolio

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$9,054,698
Cash	515,251
Accrued investment income	538
Subscriptions receivable	159,626
	<u>9,730,113</u>
LIABILITIES	
Current liabilities	
Distributions payable	13,809
Redemptions payable	1,540
	<u>15,349</u>
Net Assets attributable to holders of redeemable units	<u>\$9,714,764</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	\$5,131,860
Series TL Units	\$ 50,339
Series T Units	\$ 195,196
Series TH Units	\$ 289,623
Premium Series Units	\$3,081,660
Premium TL Series Units	\$ 5,017
Premium T Series Units	\$ 5,023
Premium TH Series Units	\$ 956,046
UNITS OUTSTANDING	
Series A Units	518,743
Series TL Units	3,362
Series T Units	13,146
Series TH Units	19,537
Premium Series Units	311,448
Premium TL Series Units	337
Premium T Series Units	337
Premium TH Series Units	<u>63,994</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	\$ 9.89
Series TL Units	\$ 14.97
Series T Units	\$ 14.85
Series TH Units	\$ 14.82
Premium Series Units	\$ 9.89
Premium TL Series Units	\$ 14.89
Premium T Series Units	\$ 14.90
Premium TH Series Units	<u>\$ 14.95</u>

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 19,766
Interest for distribution purposes	16,663
Capital gains distributions received	58,924
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(18,557)
Net gain (loss) on investments	<u>76,796</u>
Total income (loss)	<u>76,796</u>
EXPENSES	
Management fees (note 5)	7,601
Administration fees (note 6)	488
Harmonized Sales Tax/Goods and Services Tax	1,055
Foreign withholding taxes/tax reclaims	426
Total expenses	<u>9,570</u>
Net expenses	<u>9,570</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 67,226</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	\$ 27,969
Series TL Units	\$ 868
Series T Units	\$ 3,595
Series TH Units	\$ 2,211
Premium Series Units	\$ 15,363
Premium TL Series Units	\$ 17
Premium T Series Units	\$ 23
Premium TH Series Units	<u>\$ 17,180</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	\$ 0.11
Series TL Units	\$ 0.59
Series T Units	\$ 0.63
Series TH Units	\$ 0.35
Premium Series Units	\$ 0.09
Premium TL Series Units	\$ 0.05
Premium T Series Units	\$ 0.07
Premium TH Series Units	<u>\$ 0.50</u>
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	261,784
Series TL Units	1,478
Series T Units	5,710
Series TH Units	6,337
Premium Series Units	174,657
Premium TL Series Units	334
Premium T Series Units	334
Premium TH Series Units	<u>34,202</u>

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

Scotia Aria Moderate Core Portfolio (Continued)

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series A Units	\$ –
Series TL Units	–
Series T Units	–
Series TH Units	–
Premium Series Units	–
Premium TL Series Units	–
Premium T Series Units	–
Premium TH Series Units	–
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	27,969
Series TL Units	868
Series T Units	3,595
Series TH Units	2,211
Premium Series Units	15,363
Premium TL Series Units	17
Premium T Series Units	23
Premium TH Series Units	17,180
	<u>67,226</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(18,958)
Series TL Units	(192)
Series T Units	(748)
Series TH Units	(1,173)
Premium Series Units	(11,241)
Premium TL Series Units	(14)
Premium T Series Units	(17)
Premium TH Series Units	(3,544)
From realized gain	
Series A Units	(41,191)
Series TL Units	(404)
Series T Units	(1,567)
Series TH Units	(2,325)
Premium Series Units	(24,734)
Premium TL Series Units	(40)
Premium T Series Units	(40)
Premium TH Series Units	(7,674)
	<u>(113,862)</u>
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	5,106,831
Series TL Units	50,000
Series T Units	192,407
Series TH Units	288,750
Premium Series Units	3,066,297
Premium TL Series Units	5,000
Premium T Series Units	5,000
Premium TH Series Units	950,000
Reinvested distributions	
Series A Units	60,149
Series TL Units	67
Series T Units	1,509
Series TH Units	2,160
Premium Series Units	35,975
Premium TL Series Units	54
Premium T Series Units	57
Premium TH Series Units	84
Payments on redemption	
Series A Units	(2,940)
	<u>9,761,400</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	5,131,860
Series TL Units	50,339
Series T Units	195,196
Series TH Units	289,623
Premium Series Units	3,081,660
Premium TL Series Units	5,017
Premium T Series Units	5,023
Premium TH Series Units	956,046
	<u>9,714,764</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	5,131,860
Series TL Units	50,339
Series T Units	195,196
Series TH Units	289,623
Premium Series Units	3,081,660
Premium TL Series Units	5,017
Premium T Series Units	5,023
Premium TH Series Units	956,046
	<u>\$9,714,764</u>

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 67,226
Adjustments For:	
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	18,557
Purchases of non-derivative financial assets	(9,073,255)
Accrued investment income	(538)
Net cash provided by (used in) operating activities	<u>(8,988,010)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	9,504,659
Amounts paid on redemption of redeemable units	(1,400)
Distributions to unitholders of redeemable units	2
Net cash provided by (used in) financing activities	<u>9,503,261</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 515,251</u>
Interest received(1)	16,125
Dividends received, net of withholding taxes(1)	19,340

** Fund's inception date was November 19, 2014. Accordingly, there were no comparative figures shown.

(1) Classified as operating items.

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

Scotia Aria Moderate Core Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 50.9%			
46,591	CI Signature Corporate Bond Fund Class I	496,046	496,194
179,445	Dynamic Canadian Bond Fund Series O	989,273	990,535
51,587	PIMCO Monthly Income Fund (Canada) Class I	749,570	741,939
123,658	Scotia Floating Rate Income Fund Series I	1,235,389	1,235,656
68,614	Scotia Private Canadian Corporate Bond Pool Series I	742,309	743,481
70,065	Scotia Private Short-Mid Government Bond Pool Series I	741,872	743,308
		<u>4,954,459</u>	<u>4,951,113</u>
CANADIAN EQUITY FUNDS – 28.0%			
40,342	CI Cambridge Canadian Equity Corporate Class I	780,694	795,944
92,641	Dynamic Dividend Advantage Fund Series O	824,613	800,419
20,798	Dynamic Small Business Fund Series O	328,011	321,123
15,278	Scotia Canadian Dividend Fund Series I	789,103	800,122
		<u>2,722,421</u>	<u>2,717,608</u>
FOREIGN EQUITY FUNDS – 14.3%			
43,287	Dynamic Alternative Yield Fund Series O	495,792	482,213
8,983	Pinnacle Emerging Markets Fund Class I	90,165	91,102
30,420	Scotia Global Low Volatility Equity LP Series I	358,210	362,694
15,071	Scotia Private International Equity Pool Series I	184,013	180,554
23,505	Scotia U.S. Low Volatility Equity LP Series I	268,195	269,414
		<u>1,396,375</u>	<u>1,385,977</u>
	TOTAL INVESTMENT PORTFOLIO	<u>9,073,255</u>	<u>9,054,698</u>
	OTHER ASSETS, LESS LIABILITIES – 6.8%		<u>660,066</u>
	NET ASSETS – 100.0%		<u>9,714,764</u>

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

Scotia Aria Moderate Core Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The portfolio invests primarily in a diversified mix of mutual funds, equity securities and/or fixed income securities located anywhere in the world and aims to achieve moderate long term capital appreciation using a balanced approach to investing through investments that the portfolio advisor assesses to be less volatile than that of broad markets, with a neutral asset mix of equity and fixed income securities. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014, and as such, transitional adjustments described in note 12 is not required.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$43,274 or approximately 0.4%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 42.3% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$410,359. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$15,349
Redeemable units	9,714,764	–
	\$9,714,764	\$15,349

Scotia Aria Moderate Core Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	50.9
Canadian Equity Funds	28.0
Foreign Equity Funds	14.3

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$9,054,698	\$ –	\$ –	\$9,054,698

Transfers Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Floating Rate Income Fund Series I	\$ 647,072,278	\$1,235,656	12.7
Scotia Global Low Volatility Equity LP Series I	604,457,652	362,694	3.7
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	269,414	2.8
Scotia Private Real Estate Income Pool Series I	190,820,612	91,102	0.9
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	795,944	8.2
CI Signature Corporate Bond Fund Class I	2,779,935,434	496,194	5.1
Dynamic Small Business Fund Series O	559,673,399	321,123	3.3
Dynamic Canadian Bond Fund Series O	1,713,889,460	990,535	10.2
Dynamic Dividend Advantage Fund Series O	976,645,997	800,419	8.2
Dynamic Alternative Yield Fund Series O	1,092,406,574	482,213	5.0
Scotia Private International Equity Pool Series I	600,735,759	180,554	1.9
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	741,939	7.6
Scotia Canadian Dividend Fund Series I	7,347,067,396	800,122	8.2
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	743,481	7.7
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	743,308	7.7
		\$9,054,698	93.2

Scotia Aria Moderate Core Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.89	9.89
Series TL	14.97	14.97
Series T	14.85	14.85
Series TH	14.82	14.82
Premium Series	9.89	9.89
Premium TL Series	14.89	14.89
Premium T Series	14.90	14.90
Premium TH Series	14.94	14.95

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

Scotia Aria Moderate Pay Portfolio

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$6,771,599
Cash	651,676
Accrued investment income	367
Subscriptions receivable	117,497
	<u>7,541,139</u>
LIABILITIES	
Current liabilities	
Payable for securities purchased	631,000
Distributions payable	49,464
	<u>680,464</u>
Net Assets attributable to holders of redeemable units	<u>\$6,860,675</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	\$2,783,103
Series TL Units	\$ 110,362
Series T Units	\$ 365,017
Series TH Units	\$ 252,688
Premium Series Units	\$1,008,452
Premium TL Series Units	\$ 4,979
Premium T Series Units	\$ 510,141
Premium TH Series Units	<u>\$1,825,933</u>
UNITS OUTSTANDING	
Series A Units	286,110
Series TL Units	7,429
Series T Units	24,811
Series TH Units	17,051
Premium Series Units	103,608
Premium TL Series Units	340
Premium T Series Units	34,367
Premium TH Series Units	<u>123,883</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	\$ 9.73
Series TL Units	\$ 14.86
Series T Units	\$ 14.71
Series TH Units	\$ 14.82
Premium Series Units	\$ 9.73
Premium TL Series Units	\$ 14.64
Premium T Series Units	\$ 14.84
Premium TH Series Units	<u>\$ 14.74</u>

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 26,375
Interest for distribution purposes	16,191
Capital gains distributions received	65,074
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(45,909)
Net gain (loss) on investments	61,731
Other income	2,411
Total income (loss)	<u>64,142</u>
EXPENSES	
Management fees (note 5)	5,717
Administration fees (note 6)	369
Harmonized Sales Tax/Goods and Services Tax	792
Foreign withholding taxes/tax reclaims	2,493
Total expenses	9,371
Net expenses	<u>9,371</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 54,771</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	\$ 320
Series TL Units	\$ 2,576
Series T Units	\$ 5,593
Series TH Units	\$ 4,816
Premium Series Units	\$ (2,232)
Premium TL Series Units	\$ (21)
Premium T Series Units	\$ 15,797
Premium TH Series Units	<u>\$ 27,922</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	\$ —
Series TL Units	\$ 0.85
Series T Units	\$ 0.65
Series TH Units	\$ 0.51
Premium Series Units	\$ (0.03)
Premium TL Series Units	\$ (0.06)
Premium T Series Units	\$ 1.12
Premium TH Series Units	<u>\$ 0.36</u>
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	145,073
Series TL Units	3,016
Series T Units	8,640
Series TH Units	9,419
Premium Series Units	71,217
Premium TL Series Units	334
Premium T Series Units	14,129
Premium TH Series Units	<u>77,165</u>

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

Scotia Aria Moderate Pay Portfolio (Continued)

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series A Units	\$ –
Series TL Units	–
Series T Units	–
Series TH Units	–
Premium Series Units	–
Premium TL Series Units	–
Premium T Series Units	–
Premium TH Series Units	–
	–
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	320
Series TL Units	2,576
Series T Units	5,593
Series TH Units	4,816
Premium Series Units	(2,232)
Premium TL Series Units	(21)
Premium T Series Units	15,797
Premium TH Series Units	27,922
	54,771
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(27,598)
Series TL Units	(1,118)
Series T Units	(3,739)
Series TH Units	(2,489)
Premium Series Units	(9,717)
Premium TL Series Units	(45)
Premium T Series Units	(5,188)
Premium TH Series Units	(17,846)
From realized gain	
Series A Units	(30,486)
Series TL Units	(1,209)
Series T Units	(4,000)
Series TH Units	(2,767)
Premium Series Units	(11,043)
Premium TL Series Units	(54)
Premium T Series Units	(5,589)
Premium TH Series Units	(19,998)
	(142,886)
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	2,783,383
Series TL Units	110,000
Series T Units	363,889
Series TH Units	253,000
Premium Series Units	1,131,243
Premium TL Series Units	5,000
Premium T Series Units	505,000
Premium TH Series Units	1,825,012
Reinvested distributions	
Series A Units	58,084
Series TL Units	113
Series T Units	3,274
Series TH Units	128
Premium Series Units	20,761
Premium TL Series Units	99
Premium T Series Units	121
Premium TH Series Units	10,843
Payments on redemption	
Series A Units	(600)
Premium Series Units	(120,560)
	6,948,790
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	2,783,103
Series TL Units	110,362
Series T Units	365,017
Series TH Units	252,688
Premium Series Units	1,008,452
Premium TL Series Units	4,979
Premium T Series Units	510,141
Premium TH Series Units	1,825,933
	6,860,675
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	2,783,103
Series TL Units	110,362
Series T Units	365,017
Series TH Units	252,688
Premium Series Units	1,008,452
Premium TL Series Units	4,979
Premium T Series Units	510,141
Premium TH Series Units	1,825,933
	\$6,860,675

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 54,771
Adjustments For:	
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	45,909
Purchases of non-derivative financial assets	(6,186,508)
Accrued investment income	(367)
Net cash provided by (used in) operating activities	(6,086,195)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	6,859,030
Amounts paid on redemption of redeemable units	(121,160)
Distributions to unitholders of redeemable units	1
Net cash provided by (used in) financing activities	6,737,871
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	\$ 651,676
Interest received(1)	15,824
Dividends received, net of withholding taxes(1)	23,882

(1) Classified as operating items.

** Fund's inception date was November 19, 2014. Accordingly, there were no comparative figures shown.

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

Scotia Aria Moderate Pay Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 41.7%			
46,861	PIMCO Monthly Income Fund (Canada) Class I	681,616	673,967
17,562	Scotia Private American Core-Plus Bond Pool Series I	168,569	168,148
62,139	Scotia Private Canadian Corporate Bond Pool Series I	672,263	673,321
53,290	Scotia Private High Yield Income Pool Series I	510,480	503,897
31,741	Scotia Private Short-Mid Government Bond Pool Series I	336,069	336,734
46,907	Scotia Total Return Bond LP Series I	501,997	505,343
		<u>2,870,994</u>	<u>2,861,410</u>
CANADIAN EQUITY FUNDS – 31.2%			
47,980	1832 AM North American Preferred Share LP Series I	501,697	507,087
25,884	CI Cambridge Canadian Equity Corporate Class I	501,148	510,696
59,295	Dynamic Dividend Advantage Fund Series O	530,284	512,307
13,310	Dynamic Small Business Fund Series O	210,710	205,500
7,807	Scotia Canadian Dividend Fund Series I	404,150	408,841
		<u>2,147,989</u>	<u>2,144,431</u>
FOREIGN EQUITY FUNDS – 25.8%			
38,047	Dynamic Premium Yield Fund Series O	416,467	409,388
8,335	Dynamic Global Infrastructure Fund Series O	132,981	135,772
13,423	Pinnacle Emerging Markets Fund Class I	135,071	136,140
21,299	Scotia Global Dividend Fund Series I	348,529	338,347
22,628	Scotia Private International Equity Pool Series I	276,414	271,097
19,754	Scotia U.S. Dividend Fund Series I	289,824	271,187
16,871	Scotia U.S. Dividend Growers LP Series I	199,239	203,827
		<u>1,798,525</u>	<u>1,765,758</u>
	TOTAL INVESTMENT PORTFOLIO	<u>6,817,508</u>	<u>6,771,599</u>
	OTHER ASSETS, LESS LIABILITIES – 1.3%		<u>89,076</u>
	NET ASSETS – 100.0%		<u><u>6,860,675</u></u>

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

Scotia Aria Moderate Pay Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The portfolio invests primarily in a diversified mix of mutual funds, equity securities and/or fixed income securities located anywhere in the world and aims to generate income and moderate long term capital appreciation using a balanced approach to investing through a neutral mix of investments in income producing equity and fixed income securities. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014, and as such, transitional adjustments described in note 12 is not required.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$27,954 or approximately 0.4%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 51.0% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$350,080. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ -	\$680,464
Redeemable units	6,860,675	-
	\$6,860,675	\$680,464

- vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	41.7
Canadian Equity Funds	31.2
Foreign Equity Funds	25.8

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

Scotia Aria Moderate Pay Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vii) Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$6,771,599	\$ –	\$ –	\$6,771,599

Transfers Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia U.S. Dividend Growers LP Series I	\$ 137,216,159	\$ 203,827	3.0
Scotia Global Dividend Fund Series I	423,458,562	338,347	4.9
1832 AM North American Preferred Share LP Series I	368,540,953	507,087	7.4
Scotia Total Return Bond LP Series I	359,431,823	505,343	7.4
Scotia Private Real Estate Income Pool Series I	190,820,612	136,140	2.0
Scotia U.S. Dividend Fund Series I	174,194,892	271,187	4.0
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	510,696	7.4
Dynamic Small Business Fund Series O	559,673,399	205,500	3.0
Dynamic Dividend Advantage Fund Series O	976,645,997	512,307	7.5
Dynamic Global Infrastructure Fund Series O	564,666,720	135,772	2.0
Dynamic Premium Yield Fund Series O	196,413,620	409,388	6.0
Scotia Private High Yield Income Pool Series I	910,438,382	503,897	7.3
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	168,148	2.5
Scotia Private International Equity Pool Series I	600,735,759	271,097	4.0
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	673,967	9.8
Scotia Canadian Dividend Fund Series I	7,347,067,396	408,841	6.0
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	673,321	9.8
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	336,734	4.9
		\$6,771,599	98.7

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.73	9.73
Series TL	14.86	14.86
Series T	14.71	14.71
Series TH	14.82	14.82
Premium Series	9.73	9.73
Premium TL Series	14.64	14.64
Premium T Series	14.84	14.84
Premium TH Series	14.74	14.74

Scotia Aria Progressive Build Portfolio

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$4,054,126
Cash	319,817
Accrued investment income	198
Subscriptions receivable	498,927
	<u>4,873,068</u>
LIABILITIES	
Current liabilities	
Payable for securities purchased	607,100
Net Assets attributable to holders of redeemable units	<u>\$4,265,968</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	\$2,658,030
Premium Series Units	<u>\$1,607,938</u>
UNITS OUTSTANDING	
Series A Units	271,162
Premium Series Units	<u>164,048</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	\$ 9.80
Premium Series Units	<u>\$ 9.80</u>

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 17,871
Interest for distribution purposes	4,953
Capital gains distributions received	64,962
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(49,535)
Net gain (loss) on investments	<u>38,251</u>
Total income (loss)	<u>38,251</u>
EXPENSES	
Management fees (note 5)	3,431
Administration fees (note 6)	206
Harmonized Sales Tax/Goods and Services Tax	474
Foreign withholding taxes/tax reclaims	1,265
Total expenses	<u>5,376</u>
Net expenses	<u>5,376</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 32,875</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	\$ 19,622
Premium Series Units	<u>\$ 13,253</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	\$ 0.14
Premium Series Units	<u>\$ 0.17</u>
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	136,751
Premium Series Units	<u>78,553</u>

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

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series A Units	\$ –
Premium Series Units	<u>–</u>
	<u>–</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	19,622
Premium Series Units	<u>13,253</u>
	<u>32,875</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(17,477)
Premium Series Units	(10,749)
From realized gain	
Series A Units	(42,790)
Premium Series Units	<u>(25,888)</u>
	<u>(96,904)</u>
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	2,638,408
Premium Series Units	1,594,685
Reinvested distributions	
Series A Units	60,267
Premium Series Units	<u>36,637</u>
	<u>4,329,997</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	2,658,030
Premium Series Units	<u>1,607,938</u>
	<u>4,265,968</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	2,658,030
Premium Series Units	<u>1,607,938</u>
	<u>\$4,265,968</u>

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 32,875
Adjustments For:	
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	49,535
Purchases of non-derivative financial assets	(3,496,561)
Accrued investment income	(198)
Net cash provided by (used in) operating activities	<u>(3,414,349)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	3,734,166
Net cash provided by (used in) financing activities	<u>3,734,166</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 319,817</u>
Interest received(1)	4,755
Dividends received, net of withholding taxes(1)	<u>16,606</u>

(1) Classified as operating items.

** Fund's inception date was November 19, 2014. Accordingly, there were no comparative figures shown.

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

Scotia Aria Progressive Build Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 20.0%			
10,511	PIMCO Monthly Income Fund (Canada) Class I	152,643	151,166
10,873	Scotia Canadian Income Fund Series I	150,886	151,240
10,512	Scotia Private American Core-Plus Bond Pool Series I	100,840	100,647
13,955	Scotia Private Canadian Corporate Bond Pool Series I	150,999	151,217
31,881	Scotia Private High Yield Income Pool Series I	305,248	301,465
		<u>860,616</u>	<u>855,735</u>
CANADIAN EQUITY FUNDS – 32.3%			
14,353	1832 AM North American Preferred Share LP Series I	150,496	151,692
18,549	CI Cambridge Canadian Equity Corporate Class I	360,351	365,980
26,494	Dynamic Value Fund of Canada Series O	321,948	305,206
12,204	Scotia Private Canadian Mid Cap Pool Series I	265,453	246,232
9,468	Scotia Private Canadian Small Cap Pool Series I	325,120	308,596
		<u>1,423,368</u>	<u>1,377,706</u>
FOREIGN EQUITY FUNDS – 42.7%			
16,038	1832 AM Global Completion LP Series I	180,676	182,129
19,800	CI Black Creek International Equity Corp Class I	366,401	364,716
8,735	Scotia Global Growth Fund Series I	453,209	453,385
18,736	Scotia Private Emerging Markets Pool Series I	185,486	183,302
10,142	Scotia Private Global Real Estate Pool Series I	183,944	181,710
6,577	Scotia Private U.S. Mid Cap Value Pool Series I	93,410	91,159
30,152	Scotia U.S. Dividend Growers LP Series I	356,551	364,284
		<u>1,819,677</u>	<u>1,820,685</u>
	TOTAL INVESTMENT PORTFOLIO	<u>4,103,661</u>	<u>4,054,126</u>
	OTHER ASSETS, LESS LIABILITIES – 5.0%		<u>211,842</u>
	NET ASSETS – 100.0%		<u>4,265,968</u>

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

Scotia Aria Progressive Build Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The portfolio invests primarily in a diversified mix of mutual funds, equity securities and/or fixed income securities located anywhere in the world and aims to achieve long term capital appreciation with a secondary focus on income generation using a balanced approach to investing. The majority of the portfolio's assets will be held in equity securities. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014, and as such, transitional adjustments described in note 12 is not required.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$9,215 or approximately 0.2%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 75.0% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$319,839. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$607,100
Redeemable units	4,265,968	–
	<u>\$4,265,968</u>	<u>\$607,100</u>

Scotia Aria Progressive Build Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	20.0
Canadian Equity Funds	32.3
Foreign Equity Funds	42.7

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$4,054,126	\$ –	\$ –	\$4,054,126

Transfers Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 172,517,483	\$ 183,302	4.3
Scotia U.S. Dividend Growers LP Series I	137,216,159	364,284	8.6
1832 AM North American Preferred Share LP Series I	368,540,953	151,692	3.6
1832 AM Global Completion LP Series I	289,313,699	182,129	4.3
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	365,980	8.6
CI Black Creek International Equity Corp Class I	685,165,882	364,716	8.5
Dynamic Value Fund of Canada Series O	2,253,505,288	305,206	7.2
Scotia Private High Yield Income Pool Series I	910,438,382	301,465	7.0
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	100,647	2.4
Scotia Private Canadian Small Cap Pool Series I	538,492,305	308,596	7.3
Scotia Private Canadian Mid Cap Pool Series I	57,129,896	246,232	5.8
Scotia Private U.S. Mid Cap Value Pool Series I	29,902,603	91,159	2.1
Scotia Private Global Real Estate Pool Series I	273,276,031	181,710	4.3
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	151,166	3.6
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	151,217	3.5
Scotia Canadian Income Fund Series I	5,990,064,451	151,240	3.5
Scotia Global Growth Fund Series I	606,644,389	453,385	10.6
		\$4,054,126	95.0

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.80	9.80
Premium Series	9.80	9.80

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

Scotia Aria Progressive Core Portfolio

STATEMENT OF FINANCIAL POSITION

As at

As at	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$6,885,025
Cash	869,608
Accrued investment income	390
Subscriptions receivable	894,852
	<u>8,649,875</u>
LIABILITIES	
Current liabilities	
Payable for securities purchased	1,348,400
Distributions payable	3,816
	<u>1,352,216</u>
Net Assets attributable to holders of redeemable units	<u>\$7,297,659</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	\$4,303,190
Series TL Units	\$ 5,030
Series T Units	\$ 5,037
Series TH Units	\$ 5,037
Premium Series Units	\$2,613,839
Premium TL Series Units	\$ 5,030
Premium T Series Units	\$ 5,037
Premium TH Series Units	\$ 355,459
UNITS OUTSTANDING	
Series A Units	435,732
Series TL Units	338
Series T Units	338
Series TH Units	339
Premium Series Units	264,628
Premium TL Series Units	338
Premium T Series Units	338
Premium TH Series Units	23,672
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	\$ 9.88
Series TL Units	\$ 14.87
Series T Units	\$ 14.88
Series TH Units	\$ 14.85
Premium Series Units	\$ 9.88
Premium TL Series Units	\$ 14.87
Premium T Series Units	\$ 14.88
Premium TH Series Units	\$ 15.02

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 18,796
Interest for distribution purposes	7,784
Capital gains distributions received	50,772
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(31,233)
Net gain (loss) on investments	<u>46,119</u>
Total income (loss)	<u>46,119</u>
EXPENSES	
Management fees (note 5)	5,414
Administration fees (note 6)	327
Harmonized Sales Tax/Goods and Services Tax	744
Foreign withholding taxes/tax reclaims	519
Total expenses	<u>7,004</u>
Net expenses	<u>7,004</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 39,115</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	\$ 21,623
Series TL Units	\$ 30
Series T Units	\$ 37
Series TH Units	\$ 37
Premium Series Units	\$ 10,857
Premium TL Series Units	\$ 30
Premium T Series Units	\$ 37
Premium TH Series Units	\$ 6,464
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	\$ 0.11
Series TL Units	\$ 0.09
Series T Units	\$ 0.11
Series TH Units	\$ 0.11
Premium Series Units	\$ 0.09
Premium TL Series Units	\$ 0.09
Premium T Series Units	\$ 0.11
Premium TH Series Units	\$ 0.27
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	189,418
Series TL Units	334
Series T Units	335
Series TH Units	335
Premium Series Units	125,011
Premium TL Series Units	334
Premium T Series Units	335
Premium TH Series Units	23,669

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

Scotia Aria Progressive Core Portfolio (Continued)

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series A Units	\$ –
Series TL Units	–
Series T Units	–
Series TH Units	–
Premium Series Units	–
Premium TL Series Units	–
Premium T Series Units	–
Premium TH Series Units	–
	<hr/>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	21,623
Series TL Units	30
Series T Units	37
Series TH Units	37
Premium Series Units	10,857
Premium TL Series Units	30
Premium T Series Units	37
Premium TH Series Units	6,464
	<hr/>
	39,115
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(19,331)
Series TL Units	(17)
Series T Units	(21)
Series TH Units	(31)
Premium Series Units	(11,632)
Premium TL Series Units	(18)
Premium T Series Units	(21)
Premium TH Series Units	(2,220)
From realized gain	
Series A Units	(47,069)
Series TL Units	(55)
Series T Units	(55)
Series TH Units	(55)
Premium Series Units	(28,590)
Premium TL Series Units	(55)
Premium T Series Units	(55)
Premium TH Series Units	(3,871)
	<hr/>
	(113,096)
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	4,281,567
Series TL Units	5,000
Series T Units	5,000
Series TH Units	5,000
Premium Series Units	2,602,983
Premium TL Series Units	5,000
Premium T Series Units	5,000
Premium TH Series Units	355,000
Reinvested distributions	
Series A Units	66,400
Series TL Units	72
Series T Units	76
Series TH Units	86
Premium Series Units	40,221
Premium TL Series Units	73
Premium T Series Units	76
Premium TH Series Units	86
	<hr/>
	7,371,640
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	4,303,190
Series TL Units	5,030
Series T Units	5,037
Series TH Units	5,037
Premium Series Units	2,613,839
Premium TL Series Units	5,030
Premium T Series Units	5,037
Premium TH Series Units	355,459
	<hr/>
	7,297,659
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	4,303,190
Series TL Units	5,030
Series T Units	5,037
Series TH Units	5,037
Premium Series Units	2,613,839
Premium TL Series Units	5,030
Premium T Series Units	5,037
Premium TH Series Units	355,459
	<hr/>
	\$7,297,659

STATEMENT OF CASH FLOWS

For the period ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 39,115
Adjustments For:	
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	31,233
Purchases of non-derivative financial assets	(5,567,858)
Accrued investment income	(390)
Net cash provided by (used in) operating activities	(5,497,900)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	6,369,698
Distributions to unitholders of redeemable units	(2,190)
Net cash provided by (used in) financing activities	6,367,508
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<hr/>
	\$ 869,608
Interest received(1)	7,394
Dividends received, net of withholding taxes(1)	18,277

(1) Classified as operating items.

** Fund's inception date was November 19, 2014. Accordingly, there were no comparative figures shown.

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

Scotia Aria Progressive Core Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 32.9%			
33,781	CI Signature Corporate Bond Fund Class I	360,011	359,764
86,943	Dynamic Canadian Bond Fund Series O	479,165	479,924
25,024	PIMCO Monthly Income Fund (Canada) Class I	363,271	359,904
59,929	Scotia Floating Rate Income Fund Series I	598,906	598,841
33,223	Scotia Private Canadian Corporate Bond Pool Series I	359,494	359,993
22,624	Scotia Private Short-Mid Government Bond Pool Series I	239,592	240,015
		<u>2,400,439</u>	<u>2,398,441</u>
CANADIAN EQUITY FUNDS – 36.2%			
39,328	CI Cambridge Canadian Equity Corporate Class I	765,609	775,938
108,103	Dynamic Dividend Advantage Fund Series O	960,246	934,013
30,335	Dynamic Small Business Fund Series O	477,794	468,371
8,893	Scotia Canadian Dividend Fund Series I	462,168	465,748
		<u>2,665,817</u>	<u>2,644,070</u>
FOREIGN EQUITY FUNDS – 25.2%			
41,957	Dynamic Alternative Yield Fund Series O	477,745	467,397
13,632	Pinnacle Emerging Markets Fund Class I	137,565	138,259
46,144	Scotia Global Low Volatility Equity LP Series I	544,664	550,164
22,996	Scotia Private International Equity Pool Series I	279,950	275,510
35,874	Scotia U.S. Low Volatility Equity LP Series I	410,078	411,184
		<u>1,850,002</u>	<u>1,842,514</u>
	TOTAL INVESTMENT PORTFOLIO	<u>6,916,258</u>	<u>6,885,025</u>
	OTHER ASSETS, LESS LIABILITIES – 5.7%		<u>412,634</u>
	NET ASSETS – 100.0%		<u>7,297,659</u>

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

Scotia Aria Progressive Core Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The portfolio invests primarily in a diversified mix of mutual funds, equity securities and/or fixed income securities located anywhere in the world and aims to achieve long term capital appreciation using a balanced approach to investing through investments that the portfolio advisor assesses to be less volatile than that of broad markets. The majority of the portfolio's assets will be held in equity securities. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014, and as such, transitional adjustments described in note 12 is not required.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$20,369 or approximately 0.3%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 61.5% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$448,658. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$1,352,216
Redeemable units	7,297,659	–
	<u>\$7,297,659</u>	<u>\$1,352,216</u>

Scotia Aria Progressive Core Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	32.9
Canadian Equity Funds	36.2
Foreign Equity Funds	25.2

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$6,885,025	\$ –	\$ –	\$6,885,025

Transfers Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Floating Rate Income Fund Series I	\$ 647,072,278	\$ 598,841	8.2
Scotia Global Low Volatility Equity LP Series I	604,457,652	550,164	7.5
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	411,184	5.6
Scotia Private Real Estate Income Pool Series I	190,820,612	138,259	1.9
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	775,938	10.6
CI Signature Corporate Bond Fund Class I	2,779,935,434	359,764	4.9
Dynamic Small Business Fund Series O	559,673,399	468,371	6.4
Dynamic Canadian Bond Fund Series O	1,713,889,460	479,924	6.5
Dynamic Dividend Advantage Fund Series O	976,645,997	934,013	12.8
Dynamic Alternative Yield Fund Series O	1,092,406,574	467,397	6.4
Scotia Private International Equity Pool Series I	600,735,759	275,510	3.8
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	359,904	4.9
Scotia Canadian Dividend Fund Series I	7,347,067,396	465,748	6.4
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	359,993	4.9
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	240,015	3.3
		\$6,885,025	94.3

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

Scotia Aria Progressive Core Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.88	9.88
Series TL	14.87	14.87
Series T	14.88	14.88
Series TH	14.85	14.85
Premium Series	9.88	9.88
Premium TL Series	14.87	14.87
Premium T Series	14.88	14.88
Premium TH Series	15.02	15.02

Scotia Aria Progressive Pay Portfolio

STATEMENT OF FINANCIAL POSITION

As at

	December 31, 2014
ASSETS	
Current assets	
Investments	
Non-derivative financial assets	\$1,088,051
Cash	21,159
Accrued investment income	66
	<u>1,109,276</u>
LIABILITIES	
Current liabilities	
Distributions payable	6,823
Net Assets attributable to holders of redeemable units	<u>\$1,102,453</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER SERIES	
Series A Units	\$ 516,550
Series TL Units	\$ 5,529
Series T Units	\$ 5,038
Series TH Units	\$ 155,379
Premium Series Units	\$ 254,334
Premium TL Series Units	\$ 5,027
Premium T Series Units	\$ 5,038
Premium TH Series Units	\$ 155,558
UNITS OUTSTANDING	
Series A Units	52,877
Series TL Units	376
Series T Units	342
Series TH Units	10,401
Premium Series Units	26,052
Premium TL Series Units	342
Premium T Series Units	342
Premium TH Series Units	10,342
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT	
Series A Units	\$ 9.77
Series TL Units	\$ 14.70
Series T Units	\$ 14.73
Series TH Units	\$ 14.94
Premium Series Units	\$ 9.76
Premium TL Series Units	\$ 14.70
Premium T Series Units	\$ 14.73
Premium TH Series Units	\$ 15.04

STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31,

	2014**
INCOME	
Net gain (loss) on investments (note 2)	
Dividends	\$ 6,998
Interest for distribution purposes	2,217
Capital gains distributions received	17,268
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(10,668)
Net gain (loss) on investments	<u>15,815</u>
Total income (loss)	<u>15,815</u>
EXPENSES	
Management fees (note 5)	1,317
Administration fees (note 6)	79
Harmonized Sales Tax/Goods and Services Tax	179
Foreign withholding taxes/tax reclaims	721
Total expenses	<u>2,296</u>
Net expenses	<u>2,296</u>
Increase (decrease) in Net Assets attributable to holders of redeemable units from operations	<u>\$ 13,519</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER SERIES	
Series A Units	\$ 2,329
Series TL Units	\$ 29
Series T Units	\$ 38
Series TH Units	\$ 4,300
Premium Series Units	\$ 2,360
Premium TL Series Units	\$ 27
Premium T Series Units	\$ 38
Premium TH Series Units	\$ 4,398
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS PER UNIT*	
Series A Units	\$ 0.06
Series TL Units	\$ 0.08
Series T Units	\$ 0.11
Series TH Units	\$ 0.63
Premium Series Units	\$ 0.16
Premium TL Series Units	\$ 0.08
Premium T Series Units	\$ 0.11
Premium TH Series Units	\$ 0.43
WEIGHTED AVERAGE NUMBER OF UNITS	
Series A Units	37,987
Series TL Units	365
Series T Units	335
Series TH Units	6,859
Premium Series Units	14,814
Premium TL Series Units	334
Premium T Series Units	335
Premium TH Series Units	10,335

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

Scotia Aria Progressive Pay Portfolio (Continued)

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

For the period ended December 31,

	2014**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – BEGINNING OF PERIOD	
Series A Units	\$ –
Series TL Units	–
Series T Units	–
Series TH Units	–
Premium Series Units	–
Premium TL Series Units	–
Premium T Series Units	–
Premium TH Series Units	–
	<u>–</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS FROM OPERATIONS	
Series A Units	2,329
Series TL Units	29
Series T Units	38
Series TH Units	4,300
Premium Series Units	2,360
Premium TL Series Units	27
Premium T Series Units	38
Premium TH Series Units	4,398
	<u>13,519</u>
DISTRIBUTIONS TO UNITHOLDERS OF REDEEMABLE UNITS	
From net investment income	
Series A Units	(4,840)
Series TL Units	(49)
Series T Units	(44)
Series TH Units	(1,483)
Premium Series Units	(2,484)
Premium TL Series Units	(45)
Premium T Series Units	(45)
Premium TH Series Units	(1,384)
From realized gain	
Series A Units	(8,643)
Series TL Units	(92)
Series T Units	(84)
Series TH Units	(2,600)
Premium Series Units	(4,257)
Premium TL Series Units	(84)
Premium T Series Units	(84)
Premium TH Series Units	(2,585)
	<u>(28,803)</u>
REDEEMABLE UNIT TRANSACTIONS	
Proceeds from issue	
Series A Units	514,222
Series TL Units	5,500
Series T Units	5,000
Series TH Units	155,000
Premium Series Units	251,974
Premium TL Series Units	5,000
Premium T Series Units	5,000
Premium TH Series Units	155,000
Reinvested distributions	
Series A Units	13,482
Series TL Units	141
Series T Units	128
Series TH Units	162
Premium Series Units	6,741
Premium TL Series Units	129
Premium T Series Units	129
Premium TH Series Units	129
	<u>1,117,737</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	
Series A Units	516,550
Series TL Units	5,529
Series T Units	5,038
Series TH Units	155,379
Premium Series Units	254,334
Premium TL Series Units	5,027
Premium T Series Units	5,038
Premium TH Series Units	155,558
	<u>1,102,453</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS – END OF PERIOD	
Series A Units	516,550
Series TL Units	5,529
Series T Units	5,038
Series TH Units	155,379
Premium Series Units	254,334
Premium TL Series Units	5,027
Premium T Series Units	5,038
Premium TH Series Units	155,558
	<u>\$1,102,453</u>

STATEMENT OF CASH FLOWS

For the periods ended December 31,

	2014**
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 13,519
Adjustments For:	
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	10,668
Purchases of non-derivative financial assets	(1,098,719)
Accrued investment income	(66)
Net cash provided by (used in) operating activities	<u>(1,074,598)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of redeemable units	1,096,696
Distributions to unitholders of redeemable units	(939)
Net cash provided by (used in) financing activities	<u>1,095,757</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 21,159</u>
Interest received(1)	2,151
Dividends received, net of withholding taxes(1)	6,277

(1) Classified as operating items.

** Fund's inception date was November 19, 2014. Accordingly, there were no comparative figures shown.

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

Scotia Aria Progressive Pay Portfolio (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 23.3%			
4,485	PIMCO Monthly Income Fund (Canada) Class I	65,626	64,505
3,354	Scotia Private American Core-Plus Bond Pool Series I	32,192	32,110
5,935	Scotia Private Canadian Corporate Bond Pool Series I	64,226	64,313
6,793	Scotia Private High Yield Income Pool Series I	65,433	64,234
2,984	Scotia Total Return Bond LP Series I	31,839	32,143
		<u>259,316</u>	<u>257,305</u>
CANADIAN EQUITY FUNDS – 33.7%			
6,162	1832 AM North American Preferred Share LP Series I	64,578	65,122
4,837	CI Cambridge Canadian Equity Corporate Class I	93,138	95,436
13,309	Dynamic Dividend Advantage Fund Series O	119,843	114,992
2,464	Dynamic Small Business Fund Series O	39,276	38,037
1,110	Scotia Canadian Dividend Fund Series I	57,259	58,126
		<u>374,094</u>	<u>371,713</u>
FOREIGN EQUITY FUNDS – 41.7%			
7,100	Dynamic Premium Yield Fund Series O	77,762	76,393
2,386	Dynamic Global Infrastructure Fund Series O	37,809	38,864
3,780	Pinnacle Emerging Markets Fund Class I	37,723	38,336
4,799	Scotia Global Dividend Fund Series I	78,599	76,232
6,327	Scotia Private International Equity Pool Series I	77,323	75,802
5,566	Scotia U.S. Dividend Fund Series I	81,762	76,404
6,373	Scotia U.S. Dividend Growers LP Series I	74,331	77,002
		<u>465,309</u>	<u>459,033</u>
	TOTAL INVESTMENT PORTFOLIO	<u>1,098,719</u>	<u>1,088,051</u>
	OTHER ASSETS, LESS LIABILITIES – 1.3%		<u>14,402</u>
	NET ASSETS – 100.0%		<u><u>1,102,453</u></u>

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

Scotia Aria Progressive Pay Portfolio

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The portfolio invests primarily in a diversified mix of mutual funds, equity securities and/or fixed income securities located anywhere in the world and aims to generate income and long term capital appreciation using a balanced approach to investing through investments in income producing equity and fixed income securities. The majority of the portfolio's assets will be held in equity securities. The portfolio is an asset allocation fund that allocates investment between two asset classes: fixed income and equities.

2. Transition to IFRS (note 12)

The Fund adopted IFRS as its basis of accounting since the commencement of the Fund in 2014, and as such, transitional adjustments described in note 12 is not required.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$2,464 or approximately 0.2%. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 68.4% of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$75,435. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014	
	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$6,823
Redeemable units	1,102,453	–
	\$1,102,453	\$6,823

Scotia Aria Progressive Pay Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)
	December 31, 2014
Fixed Income Funds	23.3
Canadian Equity Funds	33.7
Foreign Equity Funds	41.7

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,088,051	\$ –	\$ –	\$1,088,051

Transfers Between Levels

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

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following table provides information about the Fund's interest in Underlying Funds as at December 31, 2014

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia U.S. Dividend Growers LP Series I	\$ 137,216,159	\$ 77,002	7.0
Scotia Global Dividend Fund Series I	423,458,562	76,232	6.9
1832 AM North American Preferred Share LP Series I	368,540,953	65,122	5.9
Scotia Total Return Bond LP Series I	359,431,823	32,143	2.9
Scotia Private Real Estate Income Pool Series I	190,820,612	38,336	3.5
Scotia U.S. Dividend Fund Series I	174,194,892	76,404	6.9
CI Cambridge Canadian Equity Corporate Class I	3,722,459,360	95,436	8.7
Dynamic Small Business Fund Series O	559,673,399	38,037	3.5
Dynamic Dividend Advantage Fund Series O	976,645,997	114,992	10.4
Dynamic Global Infrastructure Fund Series O	564,666,720	38,864	3.5
Dynamic Premium Yield Fund Series O	196,413,620	76,393	6.9
Scotia Private High Yield Income Pool Series I	910,438,382	64,234	5.8
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	32,110	2.9
Scotia Private International Equity Pool Series I	600,735,759	75,802	6.9
PIMCO Monthly Income Fund (Canada) Class I	6,546,163,575	64,505	5.9
Scotia Canadian Dividend Fund Series I	7,347,067,396	58,126	5.3
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	64,313	5.8
		\$1,088,051	98.7

Scotia Aria Progressive Pay Portfolio (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit as at December 31, 2014

	December 31, 2014	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	9.77	9.77
Series TL	14.70	14.70
Series T	14.73	14.73
Series TH	14.94	14.94
Premium Series	9.76	9.76
Premium TL Series	14.70	14.70
Premium T Series	14.73	14.73
Premium TH Series	15.04	15.04

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

Scotia Short Term Yield Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$153,803	\$151,780	\$150,953
Cash	805	929	—
Accrued investment income	170	198	—
	<u>154,778</u>	<u>152,907</u>	<u>150,953</u>
LIABILITIES			
Current liabilities			
Bank indebtedness	—	—	2
Net Assets attributable to holders of redeemable shares	<u>\$154,778</u>	<u>\$152,907</u>	<u>\$150,951</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series M Shares	<u>\$154,778</u>	<u>\$152,907</u>	<u>\$150,951</u>
SHARES OUTSTANDING			
Series M Shares	<u>15,068</u>	<u>15,068</u>	<u>15,000</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series M Shares	<u>\$ 10.27</u>	<u>\$ 10.15</u>	<u>\$ 10.06</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 2,004	\$ 2,126
Change in unrealized appreciation (depreciation) of non-derivative financial assets	—	2
Net gain (loss) on investments	<u>2,004</u>	<u>2,128</u>
Total income (loss)	<u>2,004</u>	<u>2,128</u>
EXPENSES		
Management fees (note 5)	45	74
Administration fees (note 6)	77	77
Harmonized Sales Tax/Goods and Services Tax	11	21
Total expenses	<u>133</u>	<u>172</u>
Net expenses	<u>133</u>	<u>172</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$ 1,871</u>	<u>\$ 1,956</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series M Shares	<u>\$ 1,871</u>	<u>\$ 1,956</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series M Shares	<u>\$ 0.12</u>	<u>\$ 0.13</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series M Shares	<u>15,068</u>	<u>15,057</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series M Shares	<u>\$152,907</u>	<u>\$150,951</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series M Shares	<u>1,871</u>	<u>1,956</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From realized gain		
Series M Shares	<u>—</u>	<u>(679)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Reinvested distributions		
Series M Shares	<u>—</u>	<u>679</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series M Shares	<u>1,871</u>	<u>1,956</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series M Shares	<u>\$154,778</u>	<u>\$152,907</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 1,871	\$ 1,956
Adjustments For:		
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	—	(2)
Purchases of non-derivative financial assets	(2,023)	(1,927)
Proceeds from sale of non-derivative financial assets	—	1,100
Accrued investment income	28	(198)
Net cash provided by (used in) operating activities	<u>(124)</u>	<u>929</u>
Net increase (decrease) in cash	<u>(124)</u>	<u>929</u>
Cash (Bank Indebtedness) at beginning of period	<u>929</u>	<u>—</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 805</u>	<u>\$ 929</u>
Interest received(1)	<u>2,004</u>	<u>2,125</u>

(1) Classified as operating items.

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

Scotia Short Term Yield Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
CASH EQUIVALENT FUNDS – 99.4%			
15,380	Scotia Money Market Fund Series I	<u>153,803</u>	<u>153,803</u>
	TOTAL INVESTMENT PORTFOLIO	<u>153,803</u>	<u>153,803</u>
	OTHER ASSETS, LESS LIABILITIES – 0.6%		<u>975</u>
	NET ASSETS – 100.0%		<u>154,778</u>

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

Scotia Short Term Yield Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide income and liquidity, while maintaining a high level of safety by primarily investing in, or providing exposure to, high quality, short term fixed income securities issued by Canadian federal, provincial and municipal governments, Canadian chartered banks and trust companies, and corporations.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

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

Money Market Instruments*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$153,803	\$151,780	\$150,953
1-3 years	—	—	—
3-5 years	—	—	—
5-10 years	—	—	—
> 10 years	—	—	—
Total	\$153,803	\$151,780	\$150,953

* Earlier of maturity or interest reset date.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the Underlying Funds of this Fund were not subject to significant other price risk as the Underlying Fund did not hold significant holdings of equities or commodities.

- iv) Credit risk

The table below summarizes the Fund's indirect proportional exposure to the underlying fund's investments in preferred shares, bond and debenture instruments, excluding cash and money market instruments. The Fund could be exposed to indirect credit risk to the extent that the underlying funds invested in debt instruments and derivatives.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Indirect Proportional Percentage of Total Money Market Instruments (%)	Indirect Proportional Percentage of Net Assets (%)	Indirect Proportional Percentage of Total Money Market Instruments (%)	Indirect Proportional Percentage of Net Assets (%)	Indirect Proportional Percentage of Total Money Market Instruments (%)	Indirect Proportional Percentage of Net Assets (%)
Short-Term Rating						
R1-High	26.7	26.7	11.3	11.3	18.4	18.4
R1-Middle	3.6	3.6	12.7	12.7	5.3	5.3
R1-Low	12.8	12.8	17.6	17.6	11.4	11.4
Bond Credit Rating						
AAA	9.2	9.2	1.8	1.8	13.1	13.1
AA	29.0	29.0	31.9	31.8	25.5	25.5
A	18.7	18.7	23.7	23.7	26.3	26.2
BBB	—	—	1.0	1.0	—	—
Total	100.0	100.0	100.0	99.9	100.0	99.9

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

Scotia Short Term Yield Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ –	\$ –	\$ –	\$ –	\$2
Redeemable units	154,778	–	152,907	–	150,951	–
	\$154,778	\$ –	\$152,907	\$ –	\$150,951	\$2

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Treasury Bills	14.5	–	–
Promissory Notes	2.0	–	–
Bankers' Acceptances	1.6	6.2	7.8
Bearers' Deposit Notes	2.1	1.8	2.3
Commercial Paper	22.9	33.5	25
Short-Term Bonds	56.9	58.4	64.8

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$153,803	\$ –	\$ –	\$153,803

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$151,780	\$ –	\$ –	\$151,780

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$150,953	\$ –	\$ –	\$150,953

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Scotia Short Term Yield Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Money Market Fund Series I	\$1,498,445,913	\$153,803	99.4
		\$153,803	99.4

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Money Market Fund Series I	\$1,751,750,321	\$151,780	99.3
		\$151,780	99.3

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Money Market Fund Series I	\$2,068,303,536	\$150,953	100.0
		\$150,953	100.0

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series M	10.27	10.27	10.15	10.15

Scotia Conservative Government Bond Capital Yield Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$33,757,188	\$56,093,089	\$74,615,255
Cash	—	879,010	7,977,290
Accrued investment income	2	26	1,704
Subscriptions receivable	—	—	322,059
	<u>33,757,190</u>	<u>56,972,125</u>	<u>82,916,308</u>
LIABILITIES			
Current liabilities			
Bank indebtedness	72,104	—	—
Redemptions payable	2,379	99,923	5,900
	<u>74,483</u>	<u>99,923</u>	<u>5,900</u>
Net Assets attributable to holders of redeemable shares	<u>\$33,682,707</u>	<u>\$56,872,202</u>	<u>\$82,910,408</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	\$13,327,301	\$27,200,789	\$47,865,204
Series M Shares	\$20,355,406	\$29,671,413	\$35,045,204
SHARES OUTSTANDING			
Series A Shares	1,302,674	2,740,875	4,728,572
Series M Shares	1,949,310	2,964,930	3,480,599
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	\$ 10.23	\$ 9.92	\$ 10.12
Series M Shares	\$ 10.44	\$ 10.01	\$ 10.07

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Interest for distribution purposes	\$ 44,249	\$ 4,003
Net realized gain (loss) on non-derivative financial assets	1,882,447	(56,084)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	8,708	(110,928)
Net gain (loss) on investments	1,935,404	(163,009)
Other income	—	694
Total income (loss)	<u>1,935,404</u>	<u>(162,315)</u>
EXPENSES		
Management fees (note 5)	207,116	439,801
Administration fees (note 6)	28,916	58,493
Harmonized Sales Tax/Goods and Services Tax	28,039	58,336
Independent Review Committee fees	90	164
Overdraft charges	7,979	9,690
Total expenses	<u>272,140</u>	<u>566,484</u>
Net expenses	<u>272,140</u>	<u>566,484</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$1,663,264</u>	<u>\$ (728,799)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	\$ 620,132	\$ (550,223)
Series M Shares	\$1,043,132	\$ (178,576)
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	\$ 0.36	\$ (0.15)
Series M Shares	\$ 0.46	\$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	1,714,228	3,651,710
Series M Shares	2,252,312	4,363,065

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series A Shares	\$ 27,200,789	\$ 47,865,204
Series M Shares	29,671,413	35,045,204
	<u>56,872,202</u>	<u>82,910,408</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	620,132	(550,223)
Series M Shares	1,043,132	(178,576)
	<u>1,663,264</u>	<u>(728,799)</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From realized gain		
Series A Shares	—	(215,272)
Series M Shares	—	(157,618)
	<u>—</u>	<u>(372,890)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	—	1,512,417
Series M Shares	129,912	18,534,446
Reinvested distributions		
Series A Shares	—	200,375
Series M Shares	—	157,618
Payments on redemption		
Series A Shares	(14,493,620)	(21,611,712)
Series M Shares	(10,489,051)	(23,729,661)
	<u>(24,852,759)</u>	<u>(24,936,517)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	(13,873,488)	(20,664,415)
Series M Shares	(9,316,007)	(5,373,791)
	<u>(23,189,495)</u>	<u>(26,038,206)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series A Shares	13,327,301	27,200,789
Series M Shares	20,355,406	29,671,413
	<u>\$ 33,682,707</u>	<u>\$ 56,872,202</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 1,663,264	\$ (728,799)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(1,882,447)	56,084
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(8,708)	110,928
Purchases of non-derivative financial assets	(33,808,433)	(23,286,999)
Proceeds from sale of non-derivative financial assets	58,035,489	41,642,154
Accrued investment income	24	1,678
Net cash provided by (used in) operating activities	<u>23,999,189</u>	<u>17,795,046</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	129,912	20,368,922
Amounts paid on redemption of redeemable shares	(25,080,215)	(45,247,351)
Distributions to shareholders of redeemable shares	—	(14,898)
Net cash provided by (used in) financing activities	<u>(24,950,303)</u>	<u>(24,893,326)</u>
Net increase (decrease) in cash	(951,114)	(7,098,280)
Cash (Bank Indebtedness) at beginning of period	879,010	7,977,290
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ (72,104)</u>	<u>\$ 879,010</u>
Interest received(1)	44,273	5,681

(1) Classified as operating items.

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

Scotia Conservative Government Bond Capital Yield Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUND – 100.2%			
3,181,999	Scotia Private Short-Mid Government Bond Pool Series I	<u>33,733,563</u>	<u>33,757,188</u>
	TOTAL INVESTMENT PORTFOLIO	<u>33,733,563</u>	<u>33,757,188</u>
	OTHER ASSETS, LESS LIABILITIES – (0.2%)		<u>(74,481)</u>
	NET ASSETS – 100.0%		<u>33,682,707</u>

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

Scotia Conservative Government Bond Capital Yield Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

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

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

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

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ –	\$ –	\$ –
1-3 years	619,748,904	380,481,054	199,694,551
3-5 years	457,279,125	422,353,228	183,477,723
5-10 years	492,283,515	487,294,071	834,452,650
> 10 years	–	–	–
Total	\$1,569,311,544	\$1,290,128,353	\$1,217,624,924

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

The Fund invests in the Scotia Private Short-Mid Government Bond Pool Series I, which is exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$340,226 or approximately 1.0% (December 31, 2013 – \$673,133 or approximately 1.2%, January 1, 2013 – \$988,152 or approximately 1.2%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the Underlying Funds of this Fund were not subject to significant other price risk as the Underlying Fund did not hold significant holdings of equities or commodities.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

Scotia Conservative Government Bond Capital Yield Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debt Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debt Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debt Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
Bond Rating						
AAA	53.0	50.7	57.2	57.0	62.2	61.4
AA	27.2	26.0	27.2	27.1	24.6	24.3
A	19.8	19.0	15.6	15.5	13.2	13.0
Total	100.0	95.7	100.0	99.6	100.0	98.7

The Fund is indirectly exposed to credit risk associated with TD Global Finance (the Counterparty) through forward contracts held by the underlying fund. The Counterparty has a credit rating of AA- by Standard and Poor's.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$74,483	\$ –	\$99,923	\$ –	\$5,900
Redeemable units	33,682,707	–	56,872,202	–	82,910,408	–
	\$33,682,707	\$74,483	\$56,872,202	\$99,923	\$82,910,408	\$5,900

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Federal Bonds	44.5	57.0	61.4
Provincial Bonds	51.2	42.6	37.3
Futures Contracts	0.0	0.0	0.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$33,757,188	\$ –	\$ –	\$33,757,188
December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$56,093,089	\$ –	\$ –	\$56,093,089
January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$74,615,255	\$ –	\$ –	\$74,615,255

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

Scotia Conservative Government Bond Capital Yield Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Short-Mid Government Bond Pool Series I	\$1,640,083,559	\$33,757,188	100.2
		\$33,757,188	100.2

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Conservative Government Bond LP Series I	\$ 122,926,898	\$56,093,089	98.6
		\$56,093,089	98.6

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Conservative Government Bond LP Series I	\$ 121,828,729	\$74,615,255	90.0
		\$74,615,255	90.0

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.23	10.23	9.92	9.92
Series M	10.44	10.44	10.01	10.01

Scotia Canadian Corporate Bond Capital Yield Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$42,841,724	\$58,841,772	\$58,715,319
Cash	—	595,635	3,729,623
Accrued investment income	3	19	998
Subscriptions receivable	—	—	112,692
	<u>42,841,727</u>	<u>59,437,426</u>	<u>62,558,632</u>
LIABILITIES			
Current liabilities			
Bank indebtedness	1,338	—	—
Redemptions payable	—	—	10,003
	<u>1,338</u>	<u>—</u>	<u>10,003</u>
Net Assets attributable to holders of redeemable shares	<u>\$42,840,389</u>	<u>\$59,437,426</u>	<u>\$62,548,629</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series M Shares	<u>\$42,840,389</u>	<u>\$59,437,426</u>	<u>\$62,548,629</u>
SHARES OUTSTANDING			
Series M Shares	<u>3,942,028</u>	<u>5,781,957</u>	<u>6,111,711</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series M Shares	<u>\$ 10.87</u>	<u>\$ 10.28</u>	<u>\$ 10.23</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 8	\$ —
Interest for distribution purposes	71,409	57,847
Net realized gain (loss) on non-derivative financial assets	3,797,619	194,438
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(928,454)	316,864
Net gain (loss) on investments	<u>2,940,582</u>	<u>569,149</u>
Total income (loss)	<u>2,940,582</u>	<u>569,149</u>
EXPENSES		
Management fees (note 5)	34,243	71,433
Administration fees (note 6)	39,134	68,498
Harmonized Sales Tax/Goods and Services Tax	8,457	17,412
Independent Review Committee fees	105	173
Overdraft charges	4,574	7,066
Total expenses	<u>86,513</u>	<u>164,582</u>
Net expenses	<u>86,513</u>	<u>164,582</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$2,854,069</u>	<u>\$ 404,567</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series M Shares	<u>\$2,854,069</u>	<u>\$ 404,567</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series M Shares	<u>\$ 0.62</u>	<u>\$ 0.05</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series M Shares	<u>4,601,183</u>	<u>8,344,448</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series M Shares	<u>\$ 59,437,426</u>	<u>\$ 62,548,629</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series M Shares	<u>2,854,069</u>	<u>404,567</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From realized gain		
Series M Shares	<u>—</u>	<u>(281,309)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series M Shares	<u>38,563</u>	<u>39,336,431</u>
Reinvested distributions		
Series M Shares	<u>—</u>	<u>281,309</u>
Payments on redemption		
Series M Shares	<u>(19,489,669)</u>	<u>(42,852,201)</u>
	<u>(19,451,106)</u>	<u>(3,234,461)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series M Shares	<u>(16,597,037)</u>	<u>(3,111,203)</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series M Shares	<u>\$ 42,840,389</u>	<u>\$ 59,437,426</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	<u>\$ 2,854,069</u>	<u>\$ 404,567</u>
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(3,797,619)	(194,438)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	928,454	(316,864)
Purchases of non-derivative financial assets	(42,847,037)	(44,371,743)
Proceeds from sale of non-derivative financial assets	61,716,250	44,756,592
Accrued investment income	16	979
Net cash provided by (used in) operating activities	<u>18,854,133</u>	<u>279,093</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	<u>38,563</u>	<u>39,449,123</u>
Amounts paid on redemption of redeemable shares	<u>(19,489,669)</u>	<u>(42,862,204)</u>
Net cash provided by (used in) financing activities	<u>(19,451,106)</u>	<u>(3,413,081)</u>
Net increase (decrease) in cash	<u>(596,973)</u>	<u>(3,133,988)</u>
Cash (Bank Indebtedness) at beginning of period	<u>595,635</u>	<u>3,729,623</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ (1,338)</u>	<u>\$ 595,635</u>
Interest received(1)	<u>71,425</u>	<u>58,826</u>
Dividends received, net of withholding taxes(1)	<u>8</u>	<u>—</u>

(1) Classified as operating items.

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

Scotia Canadian Corporate Bond Capital Yield Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 100.0%			
3,953,757	Scotia Private Canadian Corporate Bond Pool Series I	42,830,052	42,841,724
	TOTAL INVESTMENT PORTFOLIO	42,830,052	42,841,724
	OTHER ASSETS, LESS LIABILITIES – (0.0%)		(1,335)
	NET ASSETS – 100.0%		42,840,389

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

Scotia Canadian Corporate Bond Capital Yield Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

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

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

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

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	\$ —	\$ —	\$ —
1-3 years	526,744,641	290,453,681	179,157,020
3-5 years	1,376,370,006	965,326,645	1,077,775,804
5-10 years	2,122,176,576	1,950,004,406	1,664,501,353
> 10 years	66,298,242	45,960,952	—
Total	\$4,091,589,465	\$3,251,745,684	\$2,921,434,177

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

The Fund invests in the Scotia Private Canadian Corporate Bond Pool Series I, which is exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$534,508 or approximately 1.2% (December 31, 2013 – \$717,342 or approximately 1.2%, January 1, 2013 – \$718,842 or approximately 1.2%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency, as presented in the following table.

Currency	December 31, 2014	
	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	(4,114)	(0.0)
Total	(4,114)	(0.0)

- iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the Underlying Funds of this Fund were not subject to significant other price risk as the Underlying Fund did not hold significant holdings of equities or commodities.

Scotia Canadian Corporate Bond Capital Yield Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
Bond Rating						
AAA	14.8	14.7	13.0	12.9	10.9	10.8
AA	24.7	24.4	25.2	24.9	26.5	26.1
A	38.2	37.8	40.5	40.0	47.6	47.1
BBB	21.5	21.3	20.5	20.3	15.0	14.8
BB	0.6	0.6	0.8	0.8	–	–
Total	99.8	98.8	100.0	98.9	100.0	98.8

The Fund is indirectly exposed to credit risk associated with TD Global Finance (the Counterparty) through forward contracts held by the underlying fund. The Counterparty has a credit rating of AA- by Standard and Poor's.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$1,338	\$ –	\$ –	\$ –	\$10,003
Redeemable units	42,840,389	–	59,437,426	–	62,548,629	–
	\$42,840,389	\$1,338	\$59,437,426	\$ –	\$62,548,629	\$10,003

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Equities	0.0	–	–
Bond and Debenture Instruments			
Federal Bonds	8.8	6.1	3.2
Mortgage-Backed Securities	2.6	3.3	4.6
Corporate Bonds	87.4	89.5	91.0
Futures Contracts	0.2	0.1	–

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$42,841,724	\$ –	\$ –	\$42,841,724
December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$58,841,772	\$ –	\$ –	\$58,841,772

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

Scotia Canadian Corporate Bond Capital Yield Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$58,715,319	\$ –	\$ –	\$58,715,319

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Corporate Bond Pool Series I	\$4,143,683,984	\$42,841,724	100.0
		\$42,841,724	100.0

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Corporate Bond LP Series I	\$ 104,414,238	\$58,841,772	99.0
		\$58,841,772	99.0

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Corporate Bond LP Series I	\$ 90,314,873	\$58,715,319	93.9
		\$58,715,319	93.9

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series M	10.88	10.87	10.28	10.28

Scotia Fixed Income Blend Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$2,250,861	\$2,949,687	\$1,042,613
Cash	3,183	12,746	218,865
Accrued investment income	3	10	140
Receivable for securities sold	—	150,000	—
Subscriptions receivable	—	—	40,250
	<u>2,254,047</u>	<u>3,112,443</u>	<u>1,301,868</u>
LIABILITIES			
Current liabilities			
Redemptions payable	—	135,873	—
Net Assets attributable to holders of redeemable shares	<u>\$2,254,047</u>	<u>\$2,976,570</u>	<u>\$1,301,868</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	<u>\$2,254,047</u>	<u>\$2,976,570</u>	<u>\$1,301,868</u>
SHARES OUTSTANDING			
Series A Shares	<u>217,563</u>	<u>302,512</u>	<u>130,216</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	<u>\$ 10.36</u>	<u>\$ 9.84</u>	<u>\$ 10.00</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 1,100	\$ 1,185
Interest for distribution purposes	22,165	42,826
Capital gains distributions received	87	—
Net realized gain (loss) on non-derivative financial assets	123,671	(32,070)
Change in unrealized appreciation (depreciation) of non-derivative financial assets	27,334	(25,397)
Net gain (loss) on investments	<u>174,357</u>	<u>(13,456)</u>
Other income	—	128
Total income (loss)	<u>174,357</u>	<u>(13,328)</u>
EXPENSES		
Management fees (note 5)	31,120	50,578
Administration fees (note 6)	2,489	4,046
Harmonized Sales Tax/Goods and Services Tax	3,785	6,282
Independent Review Committee fees	5	8
Overdraft charges	359	402
Foreign withholding taxes/tax reclaims	32	—
Total expenses	<u>37,790</u>	<u>61,316</u>
Net expenses	<u>37,790</u>	<u>61,316</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$136,567</u>	<u>\$ (74,644)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	<u>\$136,567</u>	<u>\$ (74,644)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	<u>\$ 0.56</u>	<u>\$ (0.18)</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	<u>244,318</u>	<u>408,642</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series A Shares	<u>\$2,976,570</u>	<u>\$ 1,301,868</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	<u>136,567</u>	<u>(74,644)</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From realized gain		
Series A Shares	<u>—</u>	<u>(5,855)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	<u>—</u>	<u>4,012,809</u>
Reinvested distributions		
Series A Shares	<u>—</u>	<u>5,838</u>
Payments on redemption		
Series A Shares	<u>(859,090)</u>	<u>(2,263,446)</u>
	<u>(859,090)</u>	<u>1,755,201</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	<u>(722,523)</u>	<u>2,976,570</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series A Shares	<u>\$2,254,047</u>	<u>\$ 2,976,570</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 136,567	\$ (74,644)
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(123,671)	32,070
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(27,334)	25,397
Purchases of non-derivative financial assets	(1,849,939)	(4,491,697)
Proceeds from sale of non-derivative financial assets	2,849,770	2,377,156
Accrued investment income	7	130
Net cash provided by (used in) operating activities	<u>985,400</u>	<u>(2,131,588)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	—	4,053,059
Amounts paid on redemption of redeemable shares	(994,963)	(2,127,573)
Distributions to shareholders of redeemable shares	—	(17)
Net cash provided by (used in) financing activities	<u>(994,963)</u>	<u>1,925,469</u>
Net increase (decrease) in cash	<u>(9,563)</u>	<u>(206,119)</u>
Cash (Bank Indebtedness) at beginning of period	<u>12,746</u>	<u>218,865</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 3,183</u>	<u>\$ 12,746</u>
Interest received(1)	22,172	42,956
Dividends received, net of withholding taxes(1)	1,068	1,185

(1) Classified as operating items.

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

Scotia Fixed Income Blend Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 99.9%			
80,951	Scotia Canadian Income Fund Series I	1,125,580	1,126,051
23,634	Scotia Private American Core-Plus Bond Pool Series I	222,829	226,294
31,548	Scotia Private Canadian Corporate Bond Pool Series I	341,754	341,847
23,302	Scotia Private High Yield Income Pool Series I	222,049	220,335
31,703	Scotia Private Short-Mid Government Bond Pool Series I	336,099	336,334
	TOTAL INVESTMENT PORTFOLIO	<u>2,248,311</u>	<u>2,250,861</u>
	OTHER ASSETS, LESS LIABILITIES – 0.1%		<u>3,186</u>
	NET ASSETS – 100.0%		<u><u>2,254,047</u></u>

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

Scotia Fixed Income Blend Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to provide income and modest capital gains by investing primarily in fixed income securities. The Fund will obtain such exposure in one or more of the following ways, in any combination:
- by investing directly in such fixed income securities;
 - by investing in units of mutual funds managed by us and/or other mutual fund managers that invest in fixed income securities; and
 - by investing in units of an LP Fund which makes use of forward contracts, or other derivatives to gain exposure to the return of an

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$32,300 or approximately 1.4% (December 31, 2013 – \$42,895 or approximately 1.4%, January 1, 2013 – \$16,847 or approximately 1.3%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

iii) Other price risk

The Fund's significant market risks have been discussed in the previous sections. As at December 31, 2014, December 31, 2013 and January 1, 2013, the Underlying Funds of this Fund were not subject to significant other price risk as the Underlying Fund did not hold significant holdings of equities or commodities.

iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ –	\$ –	\$135,873	\$ –	\$ –
Redeemable units	2,254,047	–	2,976,570	–	1,301,868	–
	\$2,254,047	\$ –	\$2,976,570	\$135,873	\$1,301,868	\$ –

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

Scotia Fixed Income Blend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	99.9	99.1	80.1

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,250,861	\$ –	\$ –	\$2,250,861

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,949,687	\$ –	\$ –	\$2,949,687

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,042,613	\$ –	\$ –	\$1,042,613

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private High Yield Income Pool Series I	\$ 910,438,382	\$ 220,335	9.8
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	226,294	10.0
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	341,847	15.2
Scotia Canadian Income Fund Series I	5,990,064,451	1,126,051	50.0
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	336,334	14.9
		\$2,250,861	99.9

	December 31, 2013		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Corporate Bond LP Series I	\$ 104,414,238	\$ 409,573	13.8
Scotia Conservative Government Bond LP Series I	122,926,898	442,805	14.9
Scotia Canadian Income LP Series I	184,809,838	1,508,687	50.7
Scotia Private High Yield Income Pool Series I	759,668,764	293,474	9.9
Scotia Private American Core-Plus Bond Pool Series I	415,613,441	295,148	9.9
		\$2,949,687	99.1

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

Scotia Fixed Income Blend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Corporate Bond LP Series I	\$ 90,314,873	\$ 195,100	15.0
Scotia Conservative Government Bond LP Series I	121,828,729	195,020	15.0
Scotia Canadian Income LP Series I	114,565,942	652,493	50.1
		\$1,042,613	80.1

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	10.36	10.36	9.84	9.84

Scotia Canadian Dividend Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$135,758,725	\$79,276,004	\$26,731,162
Cash	266,236	735,238	419,042
Accrued investment income	133	194	139
Subscriptions receivable	141,788	533,734	142,255
	<u>136,166,882</u>	<u>80,545,170</u>	<u>27,292,598</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	537,000
Distributions payable	47,946	38,751	3,315
Redemptions payable	427,315	14,000	23,397
	<u>475,261</u>	<u>52,751</u>	<u>563,712</u>
Net Assets attributable to holders of redeemable shares	<u>\$135,691,621</u>	<u>\$80,492,419</u>	<u>\$26,728,886</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	\$ 83,881,635	\$46,843,274	\$15,409,522
Series M Shares	\$ 51,809,986	\$33,649,145	\$11,319,364
SHARES OUTSTANDING			
Series A Shares	6,178,414	3,855,157	1,462,770
Series M Shares	3,734,440	2,752,947	1,084,818
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	\$ 13.58	\$ 12.15	\$ 10.53
Series M Shares	\$ 13.87	\$ 12.22	\$ 10.43

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 3,048,572	\$ 1,574,790
Interest for distribution purposes	2,695	2,716
Capital gains distributions received	911,066	—
Net realized gain (loss) on non-derivative financial assets	1,078,160	402,976
Change in unrealized appreciation (depreciation) of non-derivative financial assets	11,373,223	8,147,794
Net gain (loss) on investments	<u>16,413,716</u>	<u>10,128,276</u>
Other income	3,510	510
Total income (loss)	<u>16,417,226</u>	<u>10,128,786</u>
EXPENSES		
Management fees (note 5)	1,039,520	471,112
Administration fees (note 6)	101,602	48,190
Harmonized Sales Tax/Goods and Services Tax	116,453	55,720
Independent Review Committee fees	215	69
Overdraft charges	1,405	508
Total expenses	<u>1,259,195</u>	<u>575,599</u>
Net expenses	<u>1,259,195</u>	<u>575,599</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$15,158,031</u>	<u>\$ 9,553,187</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	\$ 8,624,371	\$ 5,216,155
Series M Shares	\$ 6,533,660	\$ 4,337,032
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	\$ 1.70	\$ 1.99
Series M Shares	\$ 1.97	\$ 2.13
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	5,064,163	2,616,026
Series M Shares	3,322,365	2,032,182

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – BEGINNING OF PERIOD		
Series A Shares	\$ 46,843,274	\$15,409,522
Series M Shares	33,649,145	11,319,364
	<u>80,492,419</u>	<u>26,728,886</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	8,624,371	5,216,155
Series M Shares	6,533,660	4,337,032
	<u>15,158,031</u>	<u>9,553,187</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	(1,884,046)	(916,142)
Series M Shares	(1,164,526)	(658,650)
From realized gain		
Series A Shares	—	(69,305)
Series M Shares	—	(50,910)
	<u>(3,048,572)</u>	<u>(1,695,007)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	44,921,113	31,305,891
Series M Shares	20,584,270	25,120,030
Reinvested distributions		
Series A Shares	1,878,918	979,630
Series M Shares	1,121,708	676,098
Payments on redemption		
Series A Shares	(16,501,995)	(5,082,477)
Series M Shares	(8,914,271)	(7,093,819)
	<u>43,089,743</u>	<u>45,905,353</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	37,038,361	31,433,752
Series M Shares	18,160,841	22,329,781
	<u>55,199,202</u>	<u>53,763,533</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – END OF PERIOD		
Series A Shares	83,881,635	46,843,274
Series M Shares	51,809,986	33,649,145
	<u>\$135,691,621</u>	<u>\$80,492,419</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 15,158,031	\$ 9,553,187
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(1,078,160)	(402,976)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(11,373,223)	(8,147,794)
Purchases of non-derivative financial assets	(52,292,938)	(50,746,573)
Proceeds from sale of non-derivative financial assets	8,261,600	6,215,500
Accrued investment income	61	(55)
Net cash provided by (used in) operating activities	<u>(41,324,629)</u>	<u>(43,528,711)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	65,897,329	56,034,442
Amounts paid on redemption of redeemable shares	(25,002,951)	(12,185,693)
Distributions to shareholders of redeemable shares	(38,751)	(3,843)
Net cash provided by (used in) financing activities	<u>40,855,627</u>	<u>43,844,907</u>
Net increase (decrease) in cash	(469,002)	316,196
Cash (Bank Indebtedness) at beginning of period	735,238	419,042
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 266,236</u>	<u>\$ 735,238</u>
Interest received(1)	2,756	2,661
Dividends received, net of withholding taxes(1)	3,048,572	1,574,790

(1) Classified as operating items.

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

Scotia Canadian Dividend Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
CANADIAN EQUITY FUNDS – 100.0%			
2,592,245	Scotia Canadian Dividend Fund Series I	115,551,674	135,758,725
	TOTAL INVESTMENT PORTFOLIO	<u>115,551,674</u>	<u>135,758,725</u>
	OTHER ASSETS, LESS LIABILITIES – (0.0%)		(67,104)
	NET ASSETS – 100.0%		<u>135,691,621</u>

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

Scotia Canadian Dividend Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

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

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The majority of the Underlying Funds' financial assets and liabilities were non-interest bearing as at December 31, 2014, December 31, 2013 and January 1, 2013. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

Currency	December 31, 2014		December 31, 2013		January 1, 2013	
	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	16,690,069	12.3	16,178,976	20.1	3,448,026	12.9

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 100.0% (December 31, 2013 – 98.5%, January 1, 2013 – 100.0%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$13,575,873 (December 31, 2013 – \$7,927,600, January 1, 2013 – \$2,673,116). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$475,261	\$ –	\$52,751	\$ –	\$563,712
Redeemable units	135,691,621	–	80,492,419	–	26,728,886	–
	\$135,691,621	\$475,261	\$80,492,419	\$52,751	\$26,728,886	\$563,712

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

Scotia Canadian Dividend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equities			
Energy	17.6	19.8	23.7
Materials	3.2	2.2	2.0
Industrials	2.9	3.1	2.9
Consumer Discretionary	1.7	1.8	1.7
Consumer Staples	5.7	4.0	1.4
Financials	28.4	26.6	24.5
Telecommunication	6.1	6.9	5.8
Utilities	2.9	1.4	1.7
United States Equities			
Energy	—	—	0.9
Materials	—	2.1	—
Industrials	3.1	4.5	—
Consumer Discretionary	7.4	6.5	9.5
Consumer Staples	—	—	1.5
Health Care	1.5	1.5	1.5
Financials	2.9	3.9	2.9
Information Technology	4.0	2.1	2.7
Telecommunication	2.4	1.9	1.8
Utilities	2.2	4.1	7.1
Currency Forward Contracts	(0.2)	(0.1)	(0.1)

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$135,758,725	\$ —	\$ —	\$135,758,725

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 79,276,004	\$ —	\$ —	\$ 79,276,004

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 26,731,162	\$ —	\$ —	\$ 26,731,162

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Scotia Canadian Dividend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Dividend Fund Series I	\$7,347,067,396	\$135,758,725	100.0
		\$135,758,725	100.0

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Dividend Fund Series I	\$6,027,537,970	\$ 79,276,004	98.5
		\$ 79,276,004	98.5

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Dividend Fund Series I	\$4,574,752,946	\$ 26,731,162	100.0
		\$ 26,731,162	100.0

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	13.58	13.58	12.15	12.15
Series M	13.87	13.87	12.22	12.22

Scotia Canadian Equity Blend Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$1,317,317	\$665,689	\$162,982
Cash	13,734	16,472	28,051
Accrued investment income	11	7	109
Subscriptions receivable	1,278	10,398	10,420
	<u>1,332,340</u>	<u>692,566</u>	<u>201,562</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	10,313	—
Distributions payable	194	—	—
	<u>194</u>	<u>10,313</u>	<u>—</u>
Net Assets attributable to holders of redeemable shares	<u>\$1,332,146</u>	<u>\$682,253</u>	<u>\$201,562</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	<u>\$1,332,146</u>	<u>\$682,253</u>	<u>\$201,562</u>
SHARES OUTSTANDING			
Series A Shares	<u>100,944</u>	<u>56,165</u>	<u>20,120</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	<u>\$ 13.20</u>	<u>\$ 12.15</u>	<u>\$ 10.02</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 24,580	\$ 8,869
Interest for distribution purposes	187	124
Capital gains distributions received	56,957	6,323
Net realized gain (loss) on non-derivative financial assets	61,084	609
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(24,338)	90,200
Net gain (loss) on investments	<u>118,470</u>	<u>106,125</u>
Other income	27	—
Total income (loss)	<u>118,497</u>	<u>106,125</u>
EXPENSES		
Management fees (note 5)	21,271	8,454
Administration fees (note 6)	1,724	682
Harmonized Sales Tax/Goods and Services Tax	2,718	1,102
Independent Review Committee fees	3	—
Overdraft charges	80	—
Total expenses	<u>25,796</u>	<u>10,238</u>
Net expenses	<u>25,796</u>	<u>10,238</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$ 92,701</u>	<u>\$ 95,887</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	<u>\$ 92,701</u>	<u>\$ 95,887</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	<u>\$ 1.06</u>	<u>\$ 2.35</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	<u>87,850</u>	<u>40,878</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – BEGINNING OF PERIOD		
Series A Shares	\$ 682,253	\$201,562
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	<u>92,701</u>	<u>95,887</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	(24,580)	(8,869)
From realized gain		
Series A Shares	<u>—</u>	<u>(907)</u>
	<u>(24,580)</u>	<u>(9,776)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	1,242,844	395,009
Reinvested distributions		
Series A Shares	24,385	9,775
Payments on redemption		
Series A Shares	<u>(685,457)</u>	<u>(10,204)</u>
	<u>581,772</u>	<u>394,580</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	<u>649,893</u>	<u>480,691</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – END OF PERIOD		
Series A Shares	<u>\$1,332,146</u>	<u>\$682,253</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 92,701	\$ 95,887
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(61,084)	(609)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	24,338	(90,200)
Purchases of non-derivative financial assets	(1,177,734)	(405,685)
Proceeds from sale of non-derivative financial assets	552,539	4,100
Accrued investment income	(4)	102
Net cash provided by (used in) operating activities	<u>(569,244)</u>	<u>(396,405)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	1,251,964	395,031
Amounts paid on redemption of redeemable shares	(685,457)	(10,204)
Distributions to shareholders of redeemable shares	(1)	(1)
Net cash provided by (used in) financing activities	<u>566,506</u>	<u>384,826</u>
Net increase (decrease) in cash	<u>(2,738)</u>	<u>(11,579)</u>
Cash (Bank Indebtedness) at beginning of period	<u>16,472</u>	<u>28,051</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 13,734</u>	<u>\$ 16,472</u>
Interest received(1)	183	226
Dividends received, net of withholding taxes(1)	24,580	8,869

(1) Classified as operating items.

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

Scotia Canadian Equity Blend Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
CANADIAN EQUITY FUNDS – 98.9%			
20,022	CI Cambridge Canadian Equity Corporate Class I	341,466	395,028
30,539	Dynamic Dividend Advantage Fund Series O	262,744	263,855
16,929	Dynamic Small Business Fund Series O	257,279	261,381
7,743	Scotia Canadian Blue Chip Fund Series I	253,478	264,339
4,072	Scotia Private Canadian Small Cap Pool Series I	135,879	132,714
	TOTAL INVESTMENT PORTFOLIO	<u>1,250,846</u>	<u>1,317,317</u>
	OTHER ASSETS, LESS LIABILITIES – 1.1%		<u>14,829</u>
	NET ASSETS – 100.0%		<u><u>1,332,146</u></u>

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

Scotia Canadian Equity Blend Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

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

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The majority of the Underlying Funds' financial assets and liabilities were non-interest bearing as at December 31, 2014, December 31, 2013 and January 1, 2013. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the underlying funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 98.9% (December 31, 2013 – 97.6%, January 1, 2013 – 80.9%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$131,732 (December 31, 2013 – \$66,569, January 1, 2013 – \$16,298). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the underlying funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$194	\$ –	\$10,313	\$ –	\$ –
Redeemable units	1,332,146	–	682,253	–	201,562	–
	\$1,332,146	\$194	\$682,253	\$10,313	\$201,562	\$ –

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

Scotia Canadian Equity Blend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canadian Equity Funds	98.9	97.6	80.9

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,317,317	\$ –	\$ –	\$1,317,317

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 665,689	\$ –	\$ –	\$ 665,689

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 162,982	\$ –	\$ –	\$ 162,982

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI Cambridge Canadian Equity Corporate Class I	\$3,722,459,360	\$ 395,028	29.7
Dynamic Small Business Fund Series O	559,673,399	261,381	19.6
Dynamic Dividend Advantage Fund Series O	976,645,997	263,855	19.8
Scotia Private Canadian Small Cap Pool Series I	538,492,305	132,714	10.0
Scotia Canadian Blue Chip Fund Series I	255,460,144	264,339	19.8
		\$1,317,317	98.9

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI Cambridge Canadian Equity Corporate Class I	\$2,938,182,391	\$ 199,432	29.3
Dynamic Small Business Fund Series O	761,979,399	133,210	19.6
Dynamic Dividend Advantage Fund Series O	639,135,574	133,174	19.5
Scotia Private Canadian Small Cap Pool Series I	396,023,757	66,357	9.7
Scotia Canadian Blue Chip Fund Series I	256,515,947	133,516	19.5
		\$ 665,689	97.6

Scotia Canadian Equity Blend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI Cambridge Canadian Equity Corporate Class I	\$1,730,555,439	\$ 48,710	24.2
Dynamic Small Business Fund Series O	692,781,628	32,791	16.3
Dynamic Dividend Advantage Fund Series O	310,476,623	32,562	16.1
Scotia Private Canadian Small Cap Pool Series I	232,574,170	16,351	8.1
Scotia Canadian Blue Chip Fund Series I	250,455,959	32,568	16.2
		\$162,982	80.9

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	13.20	13.20	12.15	12.15

Scotia Private Canadian Equity Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$3,459,991	\$4,560,187	\$2,354,260
Cash	7	50,756	100,141
Accrued investment income	14	3	4
Subscriptions receivable	—	—	45,027
	<u>3,460,012</u>	<u>4,610,946</u>	<u>2,499,432</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	144,500
Net Assets attributable to holders of redeemable shares	<u>\$3,460,012</u>	<u>\$4,610,946</u>	<u>\$2,354,932</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series M Shares	<u>\$3,460,012</u>	<u>\$4,610,946</u>	<u>\$2,354,932</u>
SHARES OUTSTANDING			
Series M Shares	<u>273,882</u>	<u>387,002</u>	<u>219,181</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series M Shares	<u>\$ 12.63</u>	<u>\$ 11.91</u>	<u>\$ 10.74</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 85,486	\$112,215
Interest for distribution purposes	(10)	113
Net realized gain (loss) on non-derivative financial assets	367,981	79,607
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(92,663)	360,196
Net gain (loss) on investments	<u>360,794</u>	<u>552,131</u>
Total income (loss)	<u>360,794</u>	<u>552,131</u>
EXPENSES		
Management fees (note 5)	3,660	4,436
Administration fees (note 6)	3,660	4,057
Harmonized Sales Tax/Goods and Services Tax	571	885
Independent Review Committee fees	8	6
Overdraft charges	319	354
Total expenses	<u>8,218</u>	<u>9,738</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$352,576</u>	<u>\$542,393</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series M Shares	<u>\$352,576</u>	<u>\$542,393</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series M Shares	<u>\$ 1.23</u>	<u>\$ 1.50</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series M Shares	<u>286,481</u>	<u>361,336</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – BEGINNING OF PERIOD		
Series M Shares	<u>\$ 4,610,946</u>	<u>\$ 2,354,932</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series M Shares	<u>352,576</u>	<u>542,393</u>
DISTRIBUTIONS TO SHAREOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series M Shares	(85,486)	(112,215)
From realized gain		
Series M Shares	—	(10,591)
	<u>(85,486)</u>	<u>(122,806)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series M Shares	1,536,699	3,603,105
Reinvested distributions		
Series M Shares	85,486	122,807
Payments on redemption		
Series M Shares	(3,040,209)	(1,889,485)
	<u>(1,418,024)</u>	<u>1,836,427</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series M Shares	<u>(1,150,934)</u>	<u>2,256,014</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – END OF PERIOD		
Series M Shares	<u>\$ 3,460,012</u>	<u>\$ 4,610,946</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 352,576	\$ 542,393
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(367,981)	(79,607)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	92,663	(360,196)
Purchases of non-derivative financial assets	(1,667,486)	(3,853,624)
Proceeds from sale of non-derivative financial assets	3,043,000	1,943,000
Accrued investment income	(11)	1
Net cash provided by (used in) operating activities	<u>1,452,761</u>	<u>(1,808,033)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	1,536,699	3,648,132
Amounts paid on redemption of redeemable shares	(3,040,209)	(1,889,485)
Net cash provided by (used in) financing activities	<u>(1,503,510)</u>	<u>1,758,648</u>
Net increase (decrease) in cash	<u>(50,749)</u>	<u>(49,385)</u>
Cash (Bank Indebtedness) at beginning of period	<u>50,756</u>	<u>100,141</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 7</u>	<u>\$ 50,756</u>
Interest received(1)	(21)	114
Dividends received, net of withholding taxes(1)	85,486	112,215

(1) Classified as operating items.

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

Scotia Private Canadian Equity Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
CANADIAN EQUITY FUNDS – 100.0%			
265,028	Scotia Private Canadian Equity Pool Series I	3,176,888	3,459,991
	TOTAL INVESTMENT PORTFOLIO	<u>3,176,888</u>	<u>3,459,991</u>
	OTHER ASSETS, LESS LIABILITIES – 0.0%		21
	NET ASSETS – 100.0%		<u>3,460,012</u>

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

Scotia Private Canadian Equity Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of Canadian equity securities.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The majority of the Underlying Funds' financial assets and liabilities were non-interest bearing as at December 31, 2014, December 31, 2013 and January 1, 2013. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency, as presented in the following table.

Currency	December 31, 2014	
	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	143	0.0
Total	143	0.0

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 100.0% (December 31, 2013 – 98.9%, January 1, 2013 – 100.0%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$345,999 (December 31, 2013 – \$456,019, January 1, 2013 – \$235,426). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ –	\$ –	\$ –	\$ –	\$144,500
Redeemable units	3,460,012	–	4,610,946	–	2,354,932	–
	\$ 3,460,012	\$ –	\$4,610,946	\$ –	\$2,354,932	\$144,500

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

Scotia Private Canadian Equity Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Energy	19.6	21.8	22.7
Materials	6.3	7.8	15.9
Industrials	7.0	7.8	5.6
Consumer Discretionary	11.4	8.7	9.0
Consumer Staples	3.9	4.6	4.8
Health Care	4.2	4.0	1.1
Financials	34.7	32.3	29.7
Information Technology	2.2	0.9	1.4
Telecommunication Services	5.4	6.4	6.3
Utilities	0.0	0.3	1.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$3,459,991	\$ –	\$ –	\$3,459,991

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$4,560,187	\$ –	\$ –	\$4,560,187

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,354,260	\$ –	\$ –	\$2,354,260

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Equity Pool Series I	\$1,014,747,384	\$3,459,991	100.0
		\$3,459,991	100.0

Scotia Private Canadian Equity Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Equity Pool Series I	\$822,088,599	\$4,560,187	98.9
		\$4,560,187	98.9

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Canadian Equity Pool Series I	\$565,707,023	\$2,354,260	100.0
		\$2,354,260	100.0

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series M	12.63	12.63	11.91	11.91

Scotia Private U.S. Dividend Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$34,353,354	\$28,694,740	\$5,358,748
Cash	71,083	134,069	146,749
Accrued investment income	33	32	24
Subscriptions receivable	19,853	46,165	5,642
	<u>34,444,323</u>	<u>28,875,006</u>	<u>5,511,163</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	—	151,700
Net Assets attributable to holders of redeemable shares	<u>\$34,444,323</u>	<u>\$28,875,006</u>	<u>\$5,359,463</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series M Shares	<u>\$34,444,323</u>	<u>\$28,875,006</u>	<u>\$5,359,463</u>
SHARES OUTSTANDING			
Series M Shares	<u>2,024,791</u>	<u>1,980,269</u>	<u>508,727</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series M Shares	<u>\$ 17.01</u>	<u>\$ 14.58</u>	<u>\$ 10.54</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 836,456	\$ 321,907
Interest for distribution purposes	304	1,085
Capital gains distributions received	—	161,604
Net realized gain (loss) on non-derivative financial assets	770,246	160,647
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>3,270,348</u>	<u>4,273,998</u>
Net gain (loss) on investments	<u>4,877,354</u>	<u>4,919,241</u>
Total income (loss)	<u>4,877,354</u>	<u>4,919,241</u>
EXPENSES		
Management fees (note 5)	30,253	17,149
Administration fees (note 6)	45,380	24,271
Harmonized Sales Tax/Goods and Services Tax	7,845	5,568
Independent Review Committee fees	61	16
Overdraft charges	692	203
Foreign withholding taxes/tax reclaims	<u>36,436</u>	<u>18,190</u>
Total expenses	<u>120,667</u>	<u>65,397</u>
Net expenses	<u>120,667</u>	<u>65,397</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$4,756,687</u>	<u>\$4,853,844</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series M Shares	<u>\$4,756,687</u>	<u>\$4,853,844</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series M Shares	<u>\$ 2.42</u>	<u>\$ 3.88</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series M Shares	<u>1,962,792</u>	<u>1,251,641</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – BEGINNING OF PERIOD		
Series M Shares	<u>\$28,875,006</u>	<u>\$ 5,359,463</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series M Shares	<u>4,756,687</u>	<u>4,853,844</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From realized gain		
Series M Shares	<u>—</u>	<u>(24,104)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series M Shares	<u>6,751,517</u>	<u>21,111,674</u>
Reinvested distributions		
Series M Shares	<u>—</u>	<u>24,104</u>
Payments on redemption		
Series M Shares	<u>(5,938,887)</u>	<u>(2,449,975)</u>
	<u>812,630</u>	<u>18,685,803</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series M Shares	<u>5,569,317</u>	<u>23,515,543</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – END OF PERIOD		
Series M Shares	<u>\$34,444,323</u>	<u>\$28,875,006</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	<u>\$ 4,756,687</u>	<u>\$ 4,853,844</u>
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(770,246)	(160,647)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(3,270,348)	(4,273,998)
Purchases of non-derivative financial assets	(6,412,020)	(20,847,548)
Proceeds from sale of non-derivative financial assets	4,794,000	1,794,501
Accrued investment income	(1)	(8)
Net cash provided by (used in) operating activities	<u>(901,928)</u>	<u>(18,633,856)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	<u>(5,912,575)</u>	<u>21,071,151</u>
Amounts paid on redemption of redeemable shares	<u>6,751,517</u>	<u>(2,449,975)</u>
Net cash provided by (used in) financing activities	<u>838,942</u>	<u>18,621,176</u>
Net increase (decrease) in cash	<u>(62,986)</u>	<u>(12,680)</u>
Cash (Bank Indebtedness) at beginning of period	<u>134,069</u>	<u>146,749</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 71,083</u>	<u>\$ 134,069</u>
Interest received(1)	303	1,077
Dividends received, net of withholding taxes(1)	<u>800,020</u>	<u>303,717</u>

(1) Classified as operating items.

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

Scotia Private U.S. Dividend Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITY FUNDS – 99.7%			
2,129,358	Scotia Private U.S. Dividend Pool Series I	<u>26,796,003</u>	<u>34,353,354</u>
	TOTAL INVESTMENT PORTFOLIO	<u>26,796,003</u>	<u>34,353,354</u>
	OTHER ASSETS, LESS LIABILITIES – 0.3%		<u>90,969</u>
	NET ASSETS – 100.0%		<u><u>34,444,323</u></u>

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

Scotia Private U.S. Dividend Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's objective is to achieve a high level of total investment return, including dividend income and long term capital growth. It invests primarily in equity securities of U.S. companies that pay, or may be expected to pay, dividends.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments

- i) Interest rate risk

The majority of the Underlying Funds' financial assets and liabilities were non-interest bearing as at December 31, 2014, December 31, 2013 and January 1, 2013. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency, as presented in the following tables.

Currency	December 31, 2014		December 31, 2013		January 1, 2013	
	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	27,073,238	78.6	20,694,564	71.7	4,782,792	89.2

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.7% (December 31, 2013 – 99.4%, January 1, 2013 – 100.0%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$3,435,335 (December 31, 2013 – \$2,869,474, January 1, 2013 – \$535,875). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$ –	\$ –	\$ –	\$ –	\$151,700
Redeemable units	34,444,323	–	28,875,006	–	5,359,463	–
	\$34,444,323	\$ –	\$28,875,006	\$ –	\$5,359,463	\$151,700

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

Scotia Private U.S. Dividend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
United States Equities			
Energy	9.1	9.5	5.4
Materials	5.1	3.2	5.3
Industrials	11.5	11.0	14.2
Consumer Discretionary	13.7	14.4	15.2
Consumer Staples	6.9	8.1	12.7
Health Care	16.4	16.3	15.2
Financials	13.1	16.5	13.7
Information Technology	16.5	14.1	9.4
Telecommunication Services	1.1	1.8	1.5
Utilities	0.0	–	0.8
Index Units	–	0.0	0.0
Currency Spot Contracts	0.0	0.0	0.0
Currency Forward Contracts	(0.3)	0.0	(0.1)

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$34,353,354	\$ –	\$ –	\$34,353,354

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$28,694,740	\$ –	\$ –	\$28,694,740

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 5,358,748	\$ –	\$ –	\$ 5,358,748

Transfers Between Levels (note 3)

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private U.S. Dividend Pool Series I	\$1,198,858,466	\$34,353,354	99.7
		\$34,353,354	99.7

Scotia Private U.S. Dividend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private U.S. Dividend Pool Series I	\$ 728,865,695	\$28,694,740	99.4
		\$28,694,740	99.4

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private U.S. Dividend Pool Series I	\$ 289,030,432	\$ 5,358,748	100.0
		\$ 5,358,748	100.0

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series M	17.01	17.01	14.58	14.58

Scotia Private U.S. Equity Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$5,626,862	\$9,796,287	\$7,264,920
Cash	—	—	125,495
Accrued investment income	1	12	47
Receivable for securities sold	—	20,000	—
Subscriptions receivable	—	—	25,780
	<u>5,626,863</u>	<u>9,816,299</u>	<u>7,416,242</u>
LIABILITIES			
Current liabilities			
Bank indebtedness	136	4,126	—
Payable for securities purchased	—	—	150,500
	<u>136</u>	<u>4,126</u>	<u>150,500</u>
Net Assets attributable to holders of redeemable shares	<u>\$5,626,727</u>	<u>\$9,812,173</u>	<u>\$7,265,742</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series M Shares	<u>\$5,626,727</u>	<u>\$9,812,173</u>	<u>\$7,265,742</u>
SHARES OUTSTANDING			
Series M Shares	<u>366,228</u>	<u>726,182</u>	<u>724,086</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series M Shares	<u>\$ 15.36</u>	<u>\$ 13.51</u>	<u>\$ 10.03</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 94,052	\$ 173,469
Interest for distribution purposes	39	403
Capital gains distributions received	855,041	—
Net realized gain (loss) on non-derivative financial assets	1,365,899	1,509,751
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(1,456,684)	2,262,041
Net gain (loss) on investments	<u>858,347</u>	<u>3,945,664</u>
Total income (loss)	<u>858,347</u>	<u>3,945,664</u>
EXPENSES		
Management fees (note 5)	7,228	15,841
Administration fees (note 6)	10,842	20,621
Harmonized Sales Tax/Goods and Services Tax	1,958	4,824
Independent Review Committee fees	16	30
Overdraft charges	978	2,786
Foreign withholding taxes/tax reclaims	10,870	24,762
Total expenses	<u>31,892</u>	<u>68,864</u>
Net expenses	<u>31,892</u>	<u>68,864</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$ 826,455</u>	<u>\$3,876,800</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series M Shares	<u>\$ 826,455</u>	<u>\$3,876,800</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series M Shares	<u>\$ 1.63</u>	<u>\$ 3.19</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series M Shares	<u>507,457</u>	<u>1,216,947</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – BEGINNING OF PERIOD		
Series M Shares	<u>\$ 9,812,173</u>	<u>\$ 7,265,742</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series M Shares	<u>826,455</u>	<u>3,876,800</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From realized gain		
Series M Shares	<u>—</u>	<u>(32,677)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series M Shares	<u>821,951</u>	<u>10,542,901</u>
Reinvested distributions		
Series M Shares	<u>—</u>	<u>32,677</u>
Payments on redemption		
Series M Shares	<u>(5,833,852)</u>	<u>(11,873,270)</u>
	<u>(5,011,901)</u>	<u>(1,297,692)</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series M Shares	<u>(4,185,446)</u>	<u>2,546,431</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – END OF PERIOD		
Series M Shares	<u>\$ 5,626,727</u>	<u>\$ 9,812,173</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 826,455	\$ 3,876,800
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(1,365,899)	(1,509,751)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	1,456,684	(2,262,041)
Purchases of non-derivative financial assets	(1,827,223)	(11,339,575)
Proceeds from sale of non-derivative financial assets	5,925,863	12,409,500
Accrued investment income	11	35
Net cash provided by (used in) operating activities	<u>5,015,891</u>	<u>1,174,968</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	821,951	10,568,681
Amounts paid on redemption of redeemable shares	(5,833,852)	(11,873,270)
Net cash provided by (used in) financing activities	<u>(5,011,901)</u>	<u>(1,304,589)</u>
Net increase (decrease) in cash	<u>3,990</u>	<u>(129,621)</u>
Cash (Bank Indebtedness) at beginning of period	<u>(4,126)</u>	<u>125,495</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ (136)</u>	<u>\$ (4,126)</u>
Interest received(1)	50	438
Dividends received, net of withholding taxes(1)	<u>83,182</u>	<u>148,707</u>

(1) Classified as operating items.

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

Scotia Private U.S. Equity Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITY FUNDS – 100.0%			
540,784	Scotia Private U.S. Equity Pool Series I	<u>4,906,425</u>	<u>5,626,862</u>
	TOTAL INVESTMENT PORTFOLIO	<u>4,906,425</u>	<u>5,626,862</u>
	OTHER ASSETS, LESS LIABILITIES – (0.0%)		<u>(135)</u>
	NET ASSETS – 100.0%		<u>5,626,727</u>

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

Scotia Private U.S. Equity Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long-term capital growth. It invests primarily in a broad range of U.S. equity securities listed on major U. S. stock exchanges.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The majority of the Underlying Funds' financial assets and liabilities were non-interest bearing as at December 31, 2014, December 31, 2013 and January 1, 2013. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency, as presented in the following tables.

Currency	December 31, 2014		December 31, 2013		January 1, 2013	
	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	5,598,593	99.5	9,756,915	99.4	2,048,615	28.2

As at December 31, 2014, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively, by \$559,859, or approximately 9.9% of total Net Assets, (December 31, 2013 – \$975,692, or approximately 9.9% of total Net Assets, January 1, 2013 – \$ 204,862, or approximately 2.8% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 100.0% (December 31, 2013 – 99.8%, January 1, 2013 – 100.0%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$562,686 (December 31, 2013 – \$979,629, January 1, 2013 – \$726,492). In practice, actual results will differ from this sensitivity analysis and the difference could be material. .

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

Scotia Private U.S. Equity Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$136	\$ –	\$4,126	\$ –	\$150,500
Redeemable units	5,626,727	–	9,812,173	–	7,265,742	–
	\$5,626,727	\$136	\$9,812,173	\$4,126	\$7,265,742	\$150,500

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Energy	4.4	6.1	9.5
Materials	5.4	4.9	–
Industrials	9	19.1	11.6
Consumer Discretionary	6.3	8.4	15.4
Consumer Staples	7.3	3.7	11.4
Health Care	16.9	13.4	6.8
Financials	21.8	21.4	17.3
Information Technology	24.9	20.6	22.5

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$5,626,862	\$ –	\$ –	\$5,626,862

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$9,796,287	\$ –	\$ –	\$9,796,287

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$7,264,920	\$ –	\$ –	\$7,264,920

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Scotia Private U.S. Equity Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private U.S. Equity Pool Series I	\$365,459,843	\$5,626,862	100.0
		\$5,626,862	100.0

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private U.S. Equity Pool Series I	\$469,093,898	\$9,796,287	99.8
		\$9,796,287	99.8

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private U.S. Equity Pool Series I	\$504,307,634	\$7,264,920	100.0
		\$7,264,920	100.0

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series M	15.36	15.36	13.51	13.51

Scotia U.S. Equity Blend Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$2,815,390	\$1,027,662	\$168,175
Cash	72,057	19,395	1,848
Accrued investment income	43	13	103
Subscriptions receivable	1,100	10,166	—
	<u>2,888,590</u>	<u>1,057,236</u>	<u>170,126</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	—	3,050	—
Redemptions payable	57,488	—	—
	<u>57,488</u>	<u>3,050</u>	<u>—</u>
Net Assets attributable to holders of redeemable shares	<u>\$2,831,102</u>	<u>\$1,054,186</u>	<u>\$170,126</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	<u>\$2,831,102</u>	<u>\$1,054,186</u>	<u>\$170,126</u>
SHARES OUTSTANDING			
Series A Shares	<u>178,785</u>	<u>76,453</u>	<u>17,046</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	<u>\$ 15.84</u>	<u>\$ 13.79</u>	<u>\$ 9.98</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 40,035	\$ 9,568
Interest for distribution purposes	296	113
Capital gains distributions received	58,832	4,009
Net realized gain (loss) on non-derivative financial assets	77,786	—
Change in unrealized appreciation (depreciation) of non-derivative financial assets	143,613	203,993
Net gain (loss) on investments	<u>320,562</u>	<u>217,683</u>
Other income	149	—
Total income (loss)	<u>320,711</u>	<u>217,683</u>
EXPENSES		
Management fees (note 5)	35,136	12,307
Administration fees (note 6)	3,603	1,262
Harmonized Sales Tax/Goods and Services Tax	4,161	1,550
Independent Review Committee fees	3	1
Overdraft charges	100	—
Foreign withholding taxes/tax reclaims	3,664	1,318
Net expenses	<u>46,667</u>	<u>16,438</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$274,044</u>	<u>\$201,245</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	<u>\$274,044</u>	<u>\$201,245</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	<u>\$ 2.22</u>	<u>\$ 3.82</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	<u>123,534</u>	<u>52,670</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – BEGINNING OF PERIOD		
Series A Shares	<u>\$1,054,186</u>	<u>\$ 170,126</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	<u>274,044</u>	<u>201,245</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	—	(21)
From realized gain		
Series A Shares	—	(765)
	<u>—</u>	<u>(786)</u>
CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	2,378,364	684,665
Reinvested distributions		
Series A Shares	—	786
Payments on redemption		
Series A Shares	(875,492)	(1,850)
	<u>1,502,872</u>	<u>683,601</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	<u>1,776,916</u>	<u>884,060</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – END OF PERIOD		
Series A Shares	<u>\$2,831,102</u>	<u>\$1,054,186</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 274,044	\$ 201,245
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(77,786)	—
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(143,613)	(203,993)
Purchases of non-derivative financial assets	(2,087,978)	(652,444)
Proceeds from sale of non-derivative financial assets	518,599	—
Accrued investment income	(30)	90
Net cash provided by (used in) operating activities	<u>(1,516,764)</u>	<u>(655,102)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	2,387,430	674,499
Amounts paid on redemption of redeemable shares	(818,004)	(1,850)
Distributions to shareholders of redeemable shares	—	(0)
Net cash provided by (used in) financing activities	<u>1,569,426</u>	<u>672,649</u>
Net increase (decrease) in cash	<u>52,662</u>	<u>17,547</u>
Cash (Bank Indebtedness) at beginning of period	<u>19,395</u>	<u>1,848</u>
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 72,057</u>	<u>\$ 19,395</u>
Interest received(1)	266	203
Dividends received, net of withholding taxes(1)	36,371	8,250

(1) Classified as operating items.

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

Scotia U.S. Equity Blend Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITY FUNDS – 99.4%			
22,822	CI American Small Companies Fund Class I	472,638	569,647
15,952	Dynamic Power American Growth Fund Series O	243,499	276,294
58,869	Scotia Private U.S. Large Cap Growth Pool Series I	676,665	847,648
53,681	Scotia Private U.S. Value Pool Series I	832,915	841,718
21,173	Scotia U.S. Opportunities Fund Series I	242,187	280,083
	TOTAL INVESTMENT PORTFOLIO	<u>2,467,904</u>	<u>2,815,390</u>
	OTHER ASSETS, LESS LIABILITIES – 0.6%		<u>15,712</u>
	NET ASSETS – 100.0%		<u><u>2,831,102</u></u>

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

Scotia U.S. Equity Blend Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

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

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate

The majority of the Underlying Funds' financial assets and liabilities were non-interest bearing as at December 31, 2014, December 31, 2013 and January 1, 2013. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 99.4% (December 31, 2013 – 97.5%, January 1, 2013 – 98.9%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$281,539 (December 31, 2013 – \$102,766, January 1, 2013 – \$16,818). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$57,488	\$ –	\$3,050	\$ –	\$ –
Redeemable units	2,831,102	–	1,054,186	–	170,126	–
	\$2,831,102	\$57,488	\$1,054,186	\$3,050	\$170,126	\$ –

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

Scotia U.S. Equity Blend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Foreign Equity Funds	99.4	97.5	98.9

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,815,390	\$ –	\$ –	\$2,815,390

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$1,027,662	\$ –	\$ –	\$1,027,662

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 168,175	\$ –	\$ –	\$ 168,175

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI American Small Companies Fund Class I	\$ 91,777,569	\$ 569,647	20.1
Dynamic Power American Growth Fund Series O	912,605,587	276,294	9.8
Scotia Private U.S. Value Pool Series I	289,278,933	841,718	29.7
Scotia Private U.S. Large Cap Growth Pool Series I	70,405,342	847,648	29.9
Scotia U.S. Opportunities Fund Series I	25,134,322	280,083	9.9
		\$2,815,390	99.4

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI American Small Companies Fund Class I	\$ 81,391,448	\$ 204,976	19.5
Dynamic Power American Growth Fund Series O	850,298,152	103,314	9.8
Scotia Private U.S. Value Pool Series I	438,348,429	308,274	29.2
Scotia Private U.S. Large Cap Growth Pool Series I	54,297,013	308,118	29.2
Scotia U.S. Opportunities Fund Series I	21,213,594	102,980	9.8
		\$1,027,662	97.5

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

Scotia U.S. Equity Blend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
CI American Small Companies Fund Class I	\$ 50,961,580	\$ 33,677	19.8
Dynamic Power American Growth Fund Series O	577,337,979	16,785	9.9
Scotia Private U.S. Value Pool Series I	260,145,009	50,589	29.7
Scotia Private U.S. Large Cap Growth Pool Series I	38,142,399	50,354	29.6
Scotia U.S. Opportunities Fund Series I	22,234,921	16,770	9.9
		\$168,175	98.9

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	15.84	15.84	13.79	13.79

Scotia Global Dividend Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$16,801,462	\$9,643,238	\$1,574,029
Cash	—	106,994	3,110
Accrued investment income	41	47	22
Subscriptions receivable	5,300	204,275	4,175
	<u>16,806,803</u>	<u>9,954,554</u>	<u>1,581,336</u>
LIABILITIES			
Current liabilities			
Bank indebtedness	30,003	—	—
Payable for securities purchased	—	—	5,700
Distributions payable	13,441	134	—
Redemptions payable	5,916	—	—
	<u>49,360</u>	<u>134</u>	<u>5,700</u>
Net Assets attributable to holders of redeemable shares	<u>\$16,757,443</u>	<u>\$9,954,420</u>	<u>\$1,575,636</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	<u>\$16,757,443</u>	<u>\$9,954,420</u>	<u>\$1,575,636</u>
Shares OUTSTANDING			
Series A Shares	<u>1,056,643</u>	<u>721,444</u>	<u>142,971</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	<u>\$ 15.86</u>	<u>\$ 13.80</u>	<u>\$ 11.02</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 409,152	\$ 137,235
Interest for distribution purposes	440	440
Capital gains distributions received	355,622	254,202
Net realized gain (loss) on non-derivative financial assets	259,862	35,592
Change in unrealized appreciation (depreciation) of non-derivative financial assets	1,278,945	733,554
Net gain (loss) on investments	<u>2,304,021</u>	<u>1,161,023</u>
Other income	124	48
Total income (loss)	<u>2,304,145</u>	<u>1,161,071</u>
EXPENSES		
Management fees (note 5)	274,833	98,222
Administration fees (note 6)	41,225	14,733
Harmonized Sales Tax/Goods and Services Tax	31,387	11,633
Independent Review Committee fees	27	4
Overdraft charges	413	101
Foreign withholding taxes/tax reclaims	59,357	19,552
Total expenses	<u>407,242</u>	<u>144,245</u>
Net expenses	<u>407,242</u>	<u>144,245</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$1,896,903</u>	<u>\$1,016,826</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	<u>\$1,896,903</u>	<u>\$1,016,826</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	<u>\$ 2.05</u>	<u>\$ 2.64</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	<u>926,604</u>	<u>385,538</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series A Shares	<u>\$ 9,954,420</u>	<u>\$1,575,636</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	<u>1,896,903</u>	<u>1,016,826</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	(13,440)	(6,690)
From realized gain		
Series A Shares	—	(7,086)
	<u>(13,440)</u>	<u>(13,776)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	7,983,257	7,951,540
Reinvested distributions		
Series A Shares	—	13,642
Payments on redemption		
Series A Shares	(3,063,697)	(589,448)
	<u>4,919,560</u>	<u>7,375,734</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	<u>6,803,023</u>	<u>8,378,784</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series A Shares	<u>\$16,757,443</u>	<u>\$9,954,420</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 1,896,903	\$ 1,016,826
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(259,862)	(35,592)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(1,278,945)	(733,554)
Purchases of non-derivative financial assets	(7,595,417)	(7,797,763)
Proceeds from sale of non-derivative financial assets	1,976,000	492,000
Accrued investment income	6	(25)
Net cash provided by (used in) operating activities	<u>(5,261,315)</u>	<u>(7,058,108)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	8,182,232	7,751,440
Amounts paid on redemption of redeemable shares	(3,057,781)	(589,448)
Distributions to shareholders of redeemable shares	(133)	0
Net cash provided by (used in) financing activities	<u>5,124,318</u>	<u>7,161,992</u>
Net increase (decrease) in cash	(136,997)	103,884
Cash (Bank Indebtedness) at beginning of period	106,994	3,110
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ (30,003)</u>	<u>\$ 106,994</u>
Interest paid(1)	413	101
Interest received(1)	446	415
Dividends received, net of withholding taxes(1)	349,795	117,683

(1) Classified as operating items.

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

Scotia Global Dividend Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITY FUND – 100.3%			
1,057,640	Scotia Global Dividend Fund Series I	14,746,892	16,801,462
	TOTAL INVESTMENT PORTFOLIO	14,746,892	16,801,462
	OTHER ASSETS, LESS LIABILITIES – (0.3)%		(44,019)
	NET ASSETS – 100.0%		16,757,443

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

Scotia Global Dividend Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve high total investment return. It invests primarily in equity securities of companies anywhere in the world that pay, or may be expected to pay, dividends as well as in other types of securities that may be expected to distribute income.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

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

Interest Rate Exposure*	December 31, 2014	December 31, 2013	January 1, 2013
Less than 1 year	—	—	—
1-3 years	—	—	—
3-5 years	—	23,336	12,129
5-10 years	85,862	57,640	—
> 10 years	—	—	—
Total	85,862	80,976	12,129

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

The Fund invests in the Scotia Global Dividend Fund Series I, which is exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$272,302 or approximately 1.6% (December 31, 2013 – \$140,290 or approximately 1.4%, January 1, 2013 – \$14,147 or approximately 0.9%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency, as presented in the following tables.

Currency	December 31, 2014		December 31, 2013		January 1, 2013	
	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)	Net Indirect Proportional Currency Exposure (\$)	Indirect Proportional Percentage of Net Assets (%)
U.S. Dollar	13,204,865	78.8	4,798,030	48.2	294,644	18.7
British Pound	620,025	3.7	696,809	7.0	34,664	2.2
Swiss Franc	435,694	2.6	507,675	5.1	92,963	5.9
European Euro	552,996	3.3	437,994	4.4	64,601	4.1
Australian Dollar	117,302	0.7	179,180	1.8	11,029	0.7
Swedish Krona	184,332	1.1	149,316	1.5	20,483	1.3
Japanese Yen	318,391	1.9	139,362	1.4	42,542	2.7
Thai Baht	67,030	0.4	139,362	1.4	31,513	2.0
Singapore Dollar	167,574	1.0	109,499	1.1	—	—
Hong Kong Dollar	284,877	1.7	79,635	0.8	6,303	0.4
Indonesian Rupiah	83,787	0.5	69,681	0.7	—	—
Brazilian Real	67,030	0.4	39,818	0.4	20,483	1.3
South African Rand	—	—	19,909	0.2	—	—
Danish Krone	—	—	—	—	15,756	1.0
Total	16,103,903	96.1	7,366,270	74.0	634,981	40.3

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

Scotia Global Dividend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 100.3% (December 31, 2013 – 96.9%, January 1, 2013 – 99.9%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$1,680,146 (December 31, 2013 – \$964,324, January 1, 2013 – \$157,403). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Percentage of Total Preferred Shares and Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Preferred Shares and Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)	Percentage of Total Preferred Shares and Total Bond and Debenture Instruments (%)	Percentage of Net assets attributable to holders of redeemable units (%)
AA	41.7	0.3	32.4	0.4	64.4	1.3
BB	58.3	0.5	67.6	0.8	35.6	0.7
Total	100.0	0.8	100.0	1.2	100.0	2.0

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$19,357	\$ –	\$134	\$ –	\$5,700
Redeemable units	16,757,443	–	9,954,420	–	1,575,636	–
	\$16,757,443	\$19,357	\$9,954,420	\$134	\$1,575,636	\$5,700

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

Scotia Global Dividend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Equities			
Australia	0.9	1.8	4.0
Belgium	0.1	–	–
Brazil	0.4	0.5	1.3
Canada	2.8	2.1	4.9
China	–	0.4	–
Denmark	–	–	1.0
France	5.0	6.2	1.6
Germany	2.8	4.8	2.4
Hong Kong	1.6	0.4	0.5
Indonesia	0.5	0.7	1.0
Ireland	0.5	–	–
Italy	1.3	1.0	0.5
Japan	1.9	1.4	2.7
Netherlands	1.6	3.3	3.8
Peru	0.3	0.6	0.5
Portugal	0.4	–	–
Puerto Rico	–	–	0.6
Russia	–	0.6	0.5
Singapore	1.0	1.1	–
South Africa	–	0.2	–
Spain	1.2	–	–
Sweden	1.1	1.5	1.2
Switzerland	10.4	9.9	9.1
Thailand	0.4	1.4	2.0
Turkey	1.2	0.5	–
United Kingdom	7.3	9.2	10.5
United States	46.5	42.9	44.3
Bond and debenture instruments	0.5	0.8	0.7
Currency spot contracts	0.0	0.0	0.0
Currency forward contracts	1.1	(0.7)	(0.9)

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$16,801,462	\$ –	\$ –	\$16,801,462

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 9,643,238	\$ –	\$ –	\$ 9,643,238

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 1,574,029	\$ –	\$ –	\$ 1,574,029

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Scotia Global Dividend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$423,458,562	\$16,801,462	100.3
		\$16,801,462	100.3

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$325,394,479	\$ 9,643,238	96.9
		\$ 9,643,238	96.9

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Global Dividend Fund Series I	\$ 91,580,509	\$ 1,574,029	99.9
		\$ 1,574,029	99.9

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	15.86	15.86	13.80	13.80

Scotia International Equity Blend Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$599,055	\$538,880	\$149,194
Cash	—	5,990	1,679
Accrued investment income	3	8	98
Receivable for securities sold	—	115,000	—
Subscriptions receivable	750	250	23,003
	<u>599,808</u>	<u>660,128</u>	<u>173,974</u>
LIABILITIES			
Current liabilities			
Bank indebtedness	12,202	—	—
Redemptions payable	—	114,194	—
	<u>12,202</u>	<u>114,194</u>	<u>—</u>
Net Assets attributable to holders of redeemable shares	<u>\$587,606</u>	<u>\$545,934</u>	<u>\$173,974</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	<u>\$587,606</u>	<u>\$545,934</u>	<u>\$173,974</u>
SHARES OUTSTANDING			
Series A Shares	<u>47,315</u>	<u>44,333</u>	<u>17,286</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	<u>\$ 12.42</u>	<u>\$ 12.31</u>	<u>\$ 10.06</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$10,233	\$ 9,237
Interest for distribution purposes	2,087	1,415
Net realized gain (loss) on non-derivative financial assets	10,997	17,566
Change in unrealized appreciation (depreciation) of non-derivative financial assets	(3,058)	70,294
Net gain (loss) on investments	<u>20,259</u>	<u>98,512</u>
Other income	101	—
Total income (loss)	<u>20,360</u>	<u>98,512</u>
EXPENSES		
Management fees (note 5)	12,118	8,052
Administration fees (note 6)	1,818	1,208
Harmonized Sales Tax/Goods and Services Tax	1,424	1,029
Independent Review Committee fees	1	—
Overdraft charges	26	15
Foreign withholding taxes/tax reclaims	1,368	913
Total expenses	<u>16,755</u>	<u>11,217</u>
Net expenses	<u>16,755</u>	<u>11,217</u>
Increase (decrease) in Net Assets attributable to holders of redeemable Shares from operations	<u>\$ 3,605</u>	<u>\$87,295</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	<u>\$ 3,605</u>	<u>\$87,295</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	<u>\$ 0.07</u>	<u>\$ 2.42</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	<u>48,950</u>	<u>36,056</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series A Shares	<u>\$ 545,934</u>	<u>\$ 173,974</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	<u>3,605</u>	<u>87,295</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	(431)	(733)
From realized gain		
Series A Shares	<u>—</u>	<u>(679)</u>
	<u>(431)</u>	<u>(1,412)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	175,345	398,859
Reinvested distributions		
Series A Shares	431	1,412
Payments on redemption		
Series A Shares	<u>(137,278)</u>	<u>(114,194)</u>
	<u>38,498</u>	<u>286,077</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	<u>41,672</u>	<u>371,960</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series A Shares	<u>\$ 587,606</u>	<u>\$ 545,934</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 3,605	\$ 87,295
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(10,997)	(17,566)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	3,058	(70,294)
Purchases of non-derivative financial assets	(142,706)	(476,910)
Proceeds from sale of non-derivative financial assets	205,470	60,084
Accrued investment income	5	90
Net cash provided by (used in) operating activities	<u>58,435</u>	<u>(417,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	174,845	421,612
Amounts paid on redemption of redeemable shares	(251,472)	0
Net cash provided by (used in) financing activities	<u>(76,627)</u>	<u>421,612</u>
Net increase (decrease) in cash	<u>(18,192)</u>	<u>4,311</u>
Cash (Bank Indebtedness) at beginning of period	5,990	1,679
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ (12,202)</u>	<u>\$ 5,990</u>
Interest received(1)	2,092	1,505
Dividends received, net of withholding taxes(1)	8,865	8,324

(1) Classified as operating items.

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

Scotia International Equity Blend Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FOREIGN EQUITY FUNDS – 101.9%			
3,274	CI Black Creek International Equity Corp Class I	50,528	60,310
4,006	CI International Value Fund Class I	54,579	59,897
6,151	Scotia Private Emerging Markets Pool Series I	55,629	60,175
29,861	Scotia Private International Equity Pool Series I	322,109	357,758
2,685	Scotia Private International Small to Mid Cap Value Pool Series I	47,798	60,915
	TOTAL INVESTMENT PORTFOLIO	<u>530,643</u>	<u>599,055</u>
	OTHER ASSETS, LESS LIABILITIES – (1.9)%		<u>(11,449)</u>
	NET ASSETS – 100.0%		<u><u>587,606</u></u>

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

Scotia International Equity Blend Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

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

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The majority of the Underlying Funds' financial assets and liabilities were non-interest bearing as at December 31, 2014, December 31, 2013 and January 1, 2013. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the underlying funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 101.9% (December 31, 2013 – 98.7%, January 1, 2013 – 85.8%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$59,906 (December 31, 2013 – \$53,888, January 1, 2013 – \$14,919). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$12,202	\$ –	\$114,194	\$ –	\$ –
Redeemable units	587,606	–	545,934	–	173,974	–
	\$587,606	\$12,202	\$545,934	\$114,194	\$173,974	\$ –

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

Scotia International Equity Blend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Foreign Equity Funds	101.9	98.7	85.8

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$599,055	\$ –	\$ –	\$599,055

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$538,880	\$ –	\$ –	\$538,880

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$149,194	\$ –	\$ –	\$149,194

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$172,517,483	\$ 60,175	10.2
CI Black Creek International Equity Corp Class I	685,165,882	60,310	10.3
CI International Value Fund Class I	54,819,713	59,897	10.2
Scotia Private International Equity Pool Series I	600,735,759	357,758	60.9
Scotia Private International Small to Mid Cap Value Pool Series I	37,451,491	60,915	10.3
		\$599,055	101.9

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$217,679,760	\$ 54,056	9.9
CI Black Creek International Equity Corp Class I	464,929,890	53,856	9.9
CI International Value Fund Class I	58,889,654	53,731	9.8
Scotia Private International Equity Pool Series I	772,556,193	323,120	59.2
Scotia Private International Small to Mid Cap Value Pool Series I	33,697,742	54,117	9.9
		\$538,880	98.7

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

Scotia International Equity Blend Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$133,105,189	\$ 15,057	8.7
CI Black Creek International Equity Corp Class I	205,641,766	15,002	8.6
CI International Value Fund Class I	53,058,098	14,777	8.5
Scotia Private International Equity Pool Series I	448,297,693	89,478	51.4
Scotia Private International Small to Mid Cap Value Pool Series I	27,531,072	14,880	8.6
		\$149,194	85.8

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	12.42	12.42	12.31	12.31

Scotia INNOVA Income Portfolio Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$239,089,914	\$283,214,325	\$239,306,505
Unrealized gain on currency forward contracts	—	55,646	—
Cash	2,577,046	1,536,985	8,711,573
Accrued investment income	308	152,412	111,725
Subscriptions receivable	—	—	2,151,114
Margin deposited on futures	—	95,694	93,686
	<u>241,667,268</u>	<u>285,055,062</u>	<u>250,374,603</u>
LIABILITIES			
Payable for securities purchased	—	—	1,350,026
Distributions payable	17,225	14,418	3,872
Redemptions payable	81,040	375,761	40,400
	<u>98,265</u>	<u>390,179</u>	<u>1,394,298</u>
Net Assets attributable to holders of redeemable shares	<u>\$241,569,003</u>	<u>\$284,664,883</u>	<u>\$248,980,305</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	<u>\$241,569,003</u>	<u>\$284,664,883</u>	<u>\$248,980,305</u>
SHARES OUTSTANDING			
Series A Shares	<u>21,242,379</u>	<u>26,829,581</u>	<u>24,210,137</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	<u>\$ 11.37</u>	<u>\$ 10.61</u>	<u>\$ 10.28</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 1,053,922	\$ 1,758,537
Interest for distribution purposes	1,260,933	2,358,851
Capital gains distributions received	689,239	321,456
Net realized gain (loss) on non-derivative financial assets	18,906,559	3,666,973
Net realized gain (loss) on futures contracts	(112,126)	(50,014)
Net realized gain (loss) on currency forwards	17,235	115,959
Net gain (loss) foreign exchange	263	21,809
Change in unrealized appreciation (depreciation) of non-derivative financial assets	2,735,482	9,281,166
Change in unrealized appreciation (depreciation) of currency forwards	(55,646)	55,646
Change in unrealized appreciation (depreciation) of currency futures	3,229	2,391
Net gain (loss) on investments	<u>24,499,090</u>	<u>17,532,774</u>
Securities lending	77	248
Other income	—	8,630
Total income (loss)	<u>24,499,167</u>	<u>17,541,652</u>
EXPENSES		
Management fees (note 5)	4,155,265	5,498,845
Administration fees (note 6)	259,698	343,667
Harmonized Sales Tax/Goods and Services Tax	463,148	634,968
Independent Review Committee fees	551	671
Overdraft charges	5,216	15,456
Foreign withholding taxes/tax reclaims	17,625	90,495
Transaction costs	65	7,720
Total expenses	<u>4,901,568</u>	<u>6,591,822</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$19,597,599</u>	<u>\$10,949,830</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	<u>\$19,597,599</u>	<u>\$10,949,830</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE		
Series A Shares	<u>\$ 0.83</u>	<u>\$ 0.33</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	<u>23,513,736</u>	<u>32,959,521</u>

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

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

Scotia INNOVA Income Portfolio Class (Continued)

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series A Shares	\$284,664,883	\$ 248,980,305
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	19,597,599	10,949,830
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	(1,309,622)	(1,022,863)
From realized gain		
Series A Shares	—	(1,119,783)
	(1,309,622)	(2,142,646)
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	10,766	173,124,601
Reinvested distributions		
Series A Shares	1,292,398	2,117,111
Payments on redemption		
Series A Shares	(62,687,021)	(148,364,318)
	(61,383,857)	26,877,394
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	(43,095,880)	35,684,578
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series A Shares	\$241,569,003	\$ 284,664,883

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 19,597,599	\$ 10,949,830
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(18,906,559)	(3,666,973)
Net realized (gain) loss foreign exchange on cash	(263)	(21,809)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(2,735,482)	(9,281,166)
Change in unrealized (appreciation) depreciation of forward currency contracts	55,646	(55,646)
Purchases of non-derivative financial assets	(229,613,465)	(260,099,073)
Proceeds from sale of non-derivative financial assets	295,379,917	227,784,245
Transaction costs	—	5,122
Accrued investment income	152,104	(40,687)
Change in margin accounts for futures contracts	95,694	(2,008)
Net cash provided by (used in) operating activities	64,025,191	(34,428,165)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	10,766	175,275,715
Amounts paid on redemption of redeemable shares	(62,981,742)	(148,028,957)
Distributions to shareholders of redeemable shares	(14,417)	(14,990)
Net cash provided by (used in) financing activities	(62,985,393)	27,231,768
Net realized (gain) loss foreign exchange on cash	263	21,809
Net increase (decrease) in cash	1,039,798	(7,196,397)
Cash (Bank Indebtedness) at beginning of period	1,536,985	8,711,573
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	\$ 2,577,046	\$ 1,536,985
Interest received(1)	1,412,777	2,318,424
Dividends received, net of withholding taxes(1)	1,036,297	1,668,042

(1) Classified as operating items.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS — 50.3%			
2,910,708	Scotia Floating Rate Income Fund Series I	29,250,690	29,085,246
742,664	Scotia Private American Core-Plus Bond Pool Series I	7,089,790	7,110,855
3,279,616	Scotia Private Canadian Corporate Bond Pool Series I	35,508,814	35,536,936
3,346,717	Scotia Private Short-Mid Government Bond Pool Series I	35,479,837	35,504,648
1,320,571	Scotia Total Return Bond LP Series I	13,205,709	14,226,907
		120,534,840	121,464,592
CANADIAN EQUITY FUNDS — 23.9%			
2,028,812	1832 AM Canadian Preferred Share LP Series I	21,273,111	21,627,138
447,954	Scotia Canadian Dividend Fund Series I	18,503,342	23,459,837
545,884	Scotia Private Canadian Equity Pool Series I	6,286,574	7,126,622
166,288	Scotia Private Canadian Small Cap Pool Series I	5,294,390	5,419,701
		51,357,417	57,633,298
FOREIGN EQUITY FUNDS — 24.8%			
524,997	1832 AM Global Completion LP Series I	5,526,332	5,961,870
1,491,677	Scotia Global Low Volatility Equity LP Series I	15,720,184	17,784,962
490,798	Scotia Private International Equity Pool Series I	4,722,303	5,880,058
741,361	Scotia U.S. Dividend Growers LP Series I	7,413,610	8,956,902
1,867,790	Scotia U.S. Low Volatility Equity LP Series I	19,220,304	21,408,232
		52,602,733	59,992,024
	TOTAL INVESTMENT PORTFOLIO	224,494,990	239,089,914
	OTHER ASSETS, LESS LIABILITIES — 1.0%		2,479,089
	NET ASSETS — 100.0%		241,569,003

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

Scotia INNOVA Income Portfolio Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

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

2. Transition to IFRS (note 12)

The following reconciliation between IFRS and Canadian GAAP, as required by IFRS 1, and the related explanations of any significant adjustments are as follows:

- (i) Reconciliation of nets assets as previously reported under Canadian GAAP as at:

Equity	December 31, 2013	January 1, 2013
Net assets as reported under Canadian GAAP	\$284,627,437	\$248,953,359
Revaluation of Investments at FVTPL	37,446	26,946
Net assets attributable to holders of redeemable units	\$284,664,883	\$248,980,305

- (ii) Reconciliation of comprehensive income as previously reported under Canadian GAAP as at:

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	\$10,939,330
Revaluation of Investments at FVTPL	10,500
Increase (decrease) in net assets attributable to holders of redeemable units	\$10,949,830

The difference in the amounts reported under IFRS is mainly due to revaluation of investments at FVTPL upon transition to IFRS.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's fixed income instruments, as at December 31, 2013 and January 1, 2013. As at December 31, 2014, the Fund held underlying fixed income funds. The funds indirect exposure to interest rate risk is discussed below.

Interest Rate Exposure*	December 31, 2013	January 1, 2013
Less than 1 year	\$ –	\$ –
1-3 years	1,136,850	2,076,956
3-5 years	5,969,723	7,173,709
5-10 years	7,748,331	3,808,105
> 10 years	4,318,972	3,640,825
Total	\$19,173,876	\$16,699,595

* Excludes cash, money market instruments, fixed income funds and preferred shares as applicable.

As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$1,580,059 or approximately 0.7% (December 31, 2013 – \$3,056,066 or approximately 1.1%, January 1, 2013 – \$2,652,036 or approximately 1.1%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

As at December 31, 2014, the Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

Scotia INNOVA Income Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

For the comparative periods, the tables below indicate the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the monetary and non-monetary assets of the Fund. The tables also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	3,189,365	1.0	318,936	0.0
Chile Peso	124,563	0.0	12,456	0.0
Australian Dollar	27,046	0.0	2,705	0.0
Total	3,340,974	1.0	334,097	0.0

January 1, 2013				
Currency	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Impact if Canadian dollar had strengthened or weakened by 10%	Percentage of Net Assets (%)
U.S. Dollar	605,757	0.2	60,576	0.0
Total	605,757	0.2	60,576	0.0

iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 48.7% (December 31, 2013 – 26.0%, January 1, 2013 – 26.4%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$11,762,532 (December 31, 2013 – \$7,403,274, January 1, 2013 – \$6,550,542). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

iv) Credit risk

As at December 31, 2014, the Fund could be exposed to indirect credit risk to the extent that the Underlying Funds. For the comparative years, the table below summarizes the credit ratings of any fixed income securities and preferred securities, excluding cash and money market instruments, held by the Fund.

	December 31, 2013		January 1, 2013	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
AAA	20.9	1.4	25.2	1.7
AA	39.0	2.6	38.4	2.5
A	21.8	1.5	23.1	1.6
BBB	14.9	1.0	10.2	0.7
BB	2.8	0.2	2.2	0.1
B	0.6	0.0	0.9	0.1
Total	100.0	6.7	100.0	6.7

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

Scotia INNOVA Income Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$98,265	\$ –	\$390,179	\$ –	\$1,394,298
Redeemable units	241,569,003	–	284,664,883	–	248,980,305	–
	\$241,569,003	\$98,265	\$284,664,883	\$390,179	\$248,980,305	\$1,394,298

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

vi) Concentration risk

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

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Bond and Debenture Instruments	–	6.7	6.7
Exchange-Traded Fund	–	0.5	–
Fixed Income Funds	50.3	66.7	63.0
Canadian Equity Funds	23.9	12.2	12.6
Foreign Equity Funds	24.8	13.3	13.8
Currency Forward contracts	–	0.0	–
Future Contracts	–	0.0	0.0

vii) Fair value classification (note 2)

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

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$239,089,914	\$ –	\$ –	\$239,089,914

December 31, 2013	Level 1	Level 2	Level 3	Total
Exchange-Traded Fund	\$ 1,369,197	\$ –	\$ –	\$ 1,369,197
Mutual Funds	262,635,428	–	–	262,635,428
Bond and Debenture Instruments	–	19,209,700	–	19,209,700
Currency Forward Contracts – Assets	–	55,646	–	55,646
Futures Contracts – Liabilities	(7,904)	–	–	(7,904)
	\$263,996,721	\$19,265,346	\$ –	\$283,262,067

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$222,579,964	\$ –	\$ –	\$222,579,964
Bond and Debenture Instruments	–	16,726,541	–	16,726,541
Futures Contracts – Liabilities	(5,616)	–	–	(5,616)
	\$222,574,348	\$16,726,541	\$ –	\$239,300,889

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note)

The following table presents offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements.

Scotia INNOVA Income Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

As at December 31, 2014, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Financial assets – by type	December 31, 2013			
	Gross amount of assets	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$55,646	\$ –	\$ –	\$55,646
Swap contracts	–	–	–	\$ –
Total	\$55,646	\$ –	\$ –	\$55,646

Financial liabilities – by type	December 31, 2013			
	Gross amount of liabilities	Master netting offset	Collateral pledged	Net Amount
Currency forward contracts	\$ –	\$ –	\$ –	\$ –
Swap contracts	–	–	–	\$ –
Total	\$ –	\$ –	\$ –	\$ –

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia U.S. Dividend Growers LP Series I	\$ 137,216,159	\$ 8,956,902	3.7
Scotia Floating Rate Income Fund Series I	647,072,278	29,085,246	12.0
1832 AM Canadian Preferred Share LP Series I	160,756,812	21,627,138	9.0
Scotia Global Low Volatility Equity LP Series I	604,457,652	17,784,962	7.4
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	21,408,232	8.9
1832 AM Global Completion LP Series I	289,313,699	5,961,870	2.5
Scotia Total Return Bond LP Series I	359,431,823	14,226,907	5.9
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	7,110,855	2.9
Scotia Private Canadian Small Cap Pool Series I	538,492,305	5,419,701	2.2
Scotia Private International Equity Pool Series I	600,735,759	5,880,058	2.4
Scotia Private Canadian Equity Pool Series I	1,014,747,384	7,126,622	3.0
Scotia Canadian Dividend Fund Series I	7,347,067,396	23,459,837	9.7
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	35,536,936	14.7
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	35,504,648	14.7
		\$239,089,914	99.0

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Corporate Bond LP Series I	\$ 104,414,238	\$ 30,983,177	10.9
Scotia Conservative Government Bond LP Series I	122,926,898	47,925,864	16.8
Scotia Canadian Income LP Series I	184,809,838	84,206,252	29.6
Scotia Private High Yield Income Pool Series I	759,668,764	12,722,968	4.5
Scotia Private American Core-Plus Bond Pool Series I	415,613,441	14,132,007	5.0
Scotia Private Canadian Small Cap Pool Series I	396,023,757	2,890,438	1.0
Scotia Private U.S. Value Pool Series I	438,348,429	7,317,026	2.6
Scotia Private International Equity Pool Series I	772,556,193	8,806,412	3.1
Scotia Private Global Equity Pool Series I	518,669,821	18,933,710	6.7
Scotia Private Global Real Estate Pool Series I	314,362,180	2,903,738	1.0
Scotia Private Canadian Equity Pool Series I	822,088,599	7,250,656	2.5
Scotia Canadian Dividend Fund Series I	6,027,537,970	24,563,209	8.6
		\$262,635,457	92.3

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

Scotia INNOVA Income Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Canadian Corporate Bond LP Series I	\$ 90,314,873	\$ 26,391,489	10.6
Scotia Conservative Government Bond LP Series I	121,828,729	40,758,067	16.4
Scotia Canadian Income LP Series I	114,565,942	72,081,597	28.9
Scotia Private High Yield Income Pool Series I	572,230,047	8,502,576	3.4
Scotia Private American Core-Plus Bond Pool Series I	273,056,501	9,340,814	3.7
Scotia Private Canadian Small Cap Pool Series I	232,574,170	3,049,116	1.2
Scotia Private U.S. Value Pool Series I	260,145,009	6,748,541	2.7
Scotia Private International Equity Pool Series I	448,297,693	7,883,345	3.2
Scotia Private Global Equity Pool Series I	337,699,478	16,592,961	6.7
Scotia Private Global Real Estate Pool Series I	223,229,954	3,010,172	1.2
Scotia Private Canadian Equity Pool Series I	565,707,023	6,632,994	2.7
Scotia Canadian Dividend Fund Series I	4,574,752,946	21,588,292	8.7
		\$222,579,964	89.4

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	11.37	11.37	10.61	10.61

Scotia INNOVA Balanced Income Portfolio Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$921,550,912	\$404,875,366	\$85,170,174
Cash	12,922,722	6,712,858	4,051,490
Accrued investment income	10,008	5,153	2,442
Subscriptions receivable	2,751,653	897,715	637,161
	<u>937,235,295</u>	<u>412,491,092</u>	<u>89,861,267</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	1,620,000	—	825,056
Distributions payable	232,777	11,791	1,159
Redemptions payable	300,437	36,800	15,000
	<u>2,153,214</u>	<u>48,591</u>	<u>841,215</u>
Net Assets attributable to holders of redeemable shares	<u>\$935,082,081</u>	<u>\$412,442,501</u>	<u>\$89,020,052</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	\$857,214,190	\$412,442,501	\$89,020,052
Series T Shares	<u>\$ 77,867,891</u>	<u>\$ —</u>	<u>\$ —</u>
SHARES OUTSTANDING			
Series A Shares	72,258,216	37,472,042	8,595,088
Series T Shares	<u>5,112,722</u>	<u>—</u>	<u>—</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	\$ 11.86	\$ 11.01	\$ 10.36
Series T Shares	<u>\$ 15.23</u>	<u>\$ —</u>	<u>\$ —</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 5,722,095	\$ 3,086,145
Interest for distribution purposes	6,702,625	2,938,635
Capital gains distributions received	3,363,616	1,536,992
Net realized gain (loss) on non-derivative financial assets	15,427,306	347,275
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>33,558,937</u>	<u>15,011,235</u>
Net gain (loss) on investments	64,774,579	22,920,282
Other income	8,139	19,150
Total income (loss)	<u>64,782,718</u>	<u>22,939,432</u>
EXPENSES		
Management fees (note 5)	11,167,654	4,252,107
Administration fees (note 6)	656,911	251,780
Harmonized Sales Tax/Goods and Services Tax	1,215,571	485,251
Independent Review Committee fees	1,227	292
Foreign withholding taxes/tax reclaims	<u>223,617</u>	<u>193,067</u>
Total expenses	<u>13,264,980</u>	<u>5,182,497</u>
Net expenses	<u>13,264,980</u>	<u>5,182,497</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$51,517,738</u>	<u>\$17,756,935</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	\$49,561,657	\$17,756,935
Series T Shares	<u>\$ 1,956,081</u>	<u>\$ —</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE *		
Series A Shares	\$ 0.90	\$ 0.76
Series T Shares	<u>\$ 0.68</u>	<u>\$ —</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	54,796,956	23,492,863
Series T Shares	<u>2,865,187</u>	<u>—</u>

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

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

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series A Shares	\$ 412,442,501	\$ 89,020,052
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	49,561,657	17,756,935
Series T Shares	<u>1,956,081</u>	<u>—</u>
	<u>51,517,738</u>	<u>17,756,935</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	(5,142,819)	(1,501,867)
Series T Shares	<u>(468,288)</u>	<u>—</u>
From realized gain		
Series A Shares	—	(400,672)
Return of Capital		
Series T Shares	<u>(670,940)</u>	<u>—</u>
	<u>(6,282,047)</u>	<u>(1,902,539)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	498,406,485	357,585,860
Series T Shares	<u>82,943,831</u>	<u>—</u>
Reinvested distributions		
Series A Shares	5,102,797	1,888,961
Series T Shares	<u>328,071</u>	<u>—</u>
Payments on redemption		
Series A Shares	(103,156,431)	(51,906,768)
Series T Shares	<u>(6,220,864)</u>	<u>—</u>
	<u>477,403,889</u>	<u>307,568,053</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	444,771,689	323,422,449
Series T Shares	<u>77,867,891</u>	<u>—</u>
	<u>522,639,580</u>	<u>323,422,449</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series A Shares	857,214,190	412,442,501
Series T Shares	<u>77,867,891</u>	<u>—</u>
	<u>\$ 935,082,081</u>	<u>\$ 412,442,501</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 51,517,738	\$ 17,756,935
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(15,427,306)	(347,275)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	<u>(33,558,937)</u>	<u>(15,011,235)</u>
Purchases of non-derivative financial assets	(804,582,867)	(307,785,238)
Proceeds from sale of non-derivative financial assets	338,513,564	2,613,500
Accrued investment income	<u>(4,855)</u>	<u>(2,711)</u>
Net cash provided by (used in) operating activities	<u>(463,542,663)</u>	<u>(302,776,024)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	579,496,378	357,325,306
Amounts paid on redemption of redeemable shares	(109,113,658)	(51,884,968)
Distributions to shareholders of redeemable shares	<u>(630,193)</u>	<u>(2,946)</u>
Net cash provided by (used in) financing activities	<u>469,752,527</u>	<u>305,437,392</u>
Net increase (decrease) in cash	6,209,864	2,661,368
Cash (Bank Indebtedness) at beginning of period	6,712,858	4,051,490
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 12,922,722</u>	<u>\$ 6,712,858</u>
Interest received(1)	6,697,770	2,935,924
Dividends received, net of withholding taxes(1)	<u>5,498,478</u>	<u>2,893,078</u>

(1) Classified as operating items.

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

Scotia INNOVA Balanced Income Portfolio Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 38.7%			
6,486,832	Scotia Floating Rate Income Fund Series I	65,135,919	64,819,664
4,746,412	Scotia Private American Core-Plus Bond Pool Series I	44,731,451	45,445,950
8,408,756	Scotia Private Canadian Corporate Bond Pool Series I	90,772,630	91,114,759
2,413,286	Scotia Private High Yield Income Pool Series I	23,217,403	22,819,547
6,475,481	Scotia Private Short-Mid Government Bond Pool Series I	68,429,053	68,697,080
6,387,898	Scotia Total Return Bond LP Series I	65,882,632	68,818,731
		<u>358,169,088</u>	<u>361,715,731</u>
CANADIAN EQUITY FUNDS – 29.8%			
8,702,831	1832 AM Canadian Preferred Share LP Series I	91,472,772	92,772,174
1,952,069	Scotia Canadian Dividend Fund Series I	90,195,587	102,231,998
4,268,719	Scotia Private Canadian Equity Pool Series I	53,144,181	55,728,978
854,463	Scotia Private Canadian Small Cap Pool Series I	28,228,124	27,848,911
		<u>263,040,664</u>	<u>278,582,061</u>
FOREIGN EQUITY FUNDS – 30.1%			
1,244,556	1832 AM Global Completion LP Series I	13,256,860	14,133,175
4,755,182	Scotia Global Low Volatility Equity LP Series I	50,602,443	56,695,090
1,398,807	Scotia Private Global Equity Pool Series I	23,413,466	28,208,481
789,422	Scotia Private Global Real Estate Pool Series I	12,274,701	14,144,395
3,504,420	Scotia Private International Equity Pool Series I	39,196,459	41,985,051
3,583,086	Scotia U.S. Dividend Growers LP Series I	36,277,211	43,289,773
7,223,748	Scotia U.S. Low Volatility Equity LP Series I	75,642,375	82,797,155
		<u>250,663,515</u>	<u>281,253,120</u>
	TOTAL INVESTMENT PORTFOLIO	<u>871,873,267</u>	<u>921,550,912</u>
	OTHER ASSETS, LESS LIABILITIES – 1.4%		<u>13,531,169</u>
	NET ASSETS – 100.0%		<u><u>935,082,081</u></u>

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

Scotia INNOVA Balanced Income Portfolio Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

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

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$5,147,099 or approximately 0.6% (December 31, 2013 – \$3,575,760 or approximately 0.9%, January 1, 2013 – \$767,680 or approximately 0.9%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the underlying funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 59.9% (December 31, 2013 – 40.4%, January 1, 2013 – 41.4%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$55,983,518 (December 31, 2013 – \$16,662,795, January 1, 2013 – \$3,679,635). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the underlying funds invested in debt instruments and derivatives.

- v) Liquidity risk

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

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$2,153,214	\$ –	\$48,591	\$ –	\$841,215
Redeemable units	935,082,081	–	412,442,501	–	89,020,052	–
	\$935,082,081	\$2,153,214	\$412,442,501	\$48,591	\$89,020,052	\$841,215

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

Scotia INNOVA Balanced Income Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, geographical location, asset type, industry sector or counterparty type. The table(s) below is a summary of the Fund's concentration risk.

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	38.7	57.8	54.3
Canadian Equity Funds	29.8	18.1	18.4
Foreign Equity Funds	30.1	22.3	23

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014, December 31, 2013 and January 1, 2013.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$921,550,912	\$ –	\$ –	\$921,550,912

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$404,875,366	\$ –	\$ –	\$404,875,366

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 85,170,174	\$ –	\$ –	\$ 85,170,174

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia U.S. Dividend Growers LP Series I	\$ 137,216,159	\$ 43,289,773	4.6
Scotia Floating Rate Income Fund Series I	647,072,278	64,819,664	6.9
1832 AM Canadian Preferred Share LP Series I	160,756,812	92,772,174	9.9
Scotia Global Low Volatility Equity LP Series I	604,457,652	56,695,090	6.1
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	82,797,155	8.9
1832 AM Global Completion LP Series I	289,313,699	14,133,175	1.5
Scotia Total Return Bond LP Series I	359,431,823	68,818,731	7.4
Scotia Private High Yield Income Pool Series I	910,438,382	22,819,547	2.4
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	45,445,950	4.9
Scotia Private Canadian Small Cap Pool Series I	538,492,305	27,848,911	3.0
Scotia Private International Equity Pool Series I	600,735,759	41,985,051	4.5
Scotia Private Global Equity Pool Series I	459,739,970	28,208,481	3.0
Scotia Private Global Real Estate Pool Series I	273,276,031	14,144,395	1.5
Scotia Private Canadian Equity Pool Series I	1,014,747,384	55,728,978	6.0
Scotia Canadian Dividend Fund Series I	7,347,067,396	102,231,998	10.9
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	91,114,759	9.7
Scotia Private Short-Mid Government Bond Pool Series I	1,640,083,559	68,697,080	7.3
		\$921,550,912	98.6

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Balanced Income Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 217,679,760	\$ 8,269,455	2.0
Scotia Canadian Corporate Bond LP Series I	104,414,238	14,179,535	3.4
Scotia Conservative Government Bond LP Series I	122,926,898	18,464,741	4.5
Scotia Canadian Income LP Series I	184,809,838	63,623,141	15.4
Scotia Private High Yield Income Pool Series I	759,668,764	19,892,358	4.8
Scotia Private American Core-Plus Bond Pool Series I	415,613,441	23,752,244	5.8
Scotia Private Canadian Small Cap Pool Series I	396,023,757	10,358,871	2.5
Scotia Private U.S. Value Pool Series I	438,348,429	18,802,856	4.6
Scotia Private International Equity Pool Series I	772,556,193	31,472,025	7.6
Scotia Private Global Equity Pool Series I	518,669,821	16,619,332	4.0
Scotia Private Global Real Estate Pool Series I	314,362,180	8,280,039	2.0
Scotia Private Canadian Equity Pool Series I	822,088,599	22,910,163	5.6
Scotia Canadian Dividend Fund Series I	6,027,537,970	41,585,268	10.1
Scotia Private Canadian Corporate Bond Pool Series I	3,288,773,907	9,962,237	2.4
Scotia Canadian Income Fund Series I	6,273,765,157	76,719,976	18.6
Scotia Private Short-Mid Government Bond Pool Series I	1,295,385,443	11,653,180	2.9
Scotia Private U.S. Equity Pool Series I	469,093,898	8,329,945	2.0
		\$404,875,366	98.2

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 133,105,189	\$ 1,937,765	2.2
Scotia Canadian Corporate Bond LP Series I	90,314,873	5,013,002	5.6
Scotia Conservative Government Bond LP Series I	121,828,729	6,260,291	7.0
Scotia Canadian Income LP Series I	114,565,942	29,703,161	33.4
Scotia Private High Yield Income Pool Series I	572,230,047	3,437,219	3.9
Scotia Private American Core-Plus Bond Pool Series I	273,056,501	3,960,150	4.5
Scotia Private Canadian Small Cap Pool Series I	232,574,170	2,348,571	2.6
Scotia Private U.S. Value Pool Series I	260,145,009	4,169,347	4.7
Scotia Private International Equity Pool Series I	448,297,693	6,769,314	7.6
Scotia Private Global Equity Pool Series I	337,699,478	3,683,707	4.1
Scotia Private Global Real Estate Pool Series I	223,229,954	1,919,269	2.2
Scotia Private Canadian Equity Pool Series I	565,707,023	5,025,400	5.6
Scotia Canadian Dividend Fund Series I	4,574,752,946	9,009,061	10.1
Scotia Private U.S. Equity Pool Series I	504,307,634	1,933,917	2.2
		\$ 85,170,174	95.7

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	11.86	11.86	11.01	11.01
Series T	15.23	15.23	—	—

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Balanced Growth Portfolio Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$648,046,157	\$266,765,501	\$39,109,217
Cash	5,902,788	6,498,644	828,337
Accrued investment income	7,340	3,687	780
Subscriptions receivable	1,359,826	1,054,992	521,238
	<u>655,316,111</u>	<u>274,322,824</u>	<u>40,459,572</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	300,000	—	409,998
Distributions payable	262,430	8,885	—
Redemptions payable	384,505	224,185	5,500
	<u>946,935</u>	<u>233,070</u>	<u>415,498</u>
Net Assets attributable to holders of redeemable shares	<u>\$654,369,176</u>	<u>\$274,089,754</u>	<u>\$40,044,074</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	\$580,344,768	\$274,089,754	\$40,044,074
Series T Shares	<u>\$ 74,024,408</u>	<u>\$ —</u>	<u>\$ —</u>
SHARES OUTSTANDING			
Series A Shares	45,865,228	23,588,288	3,815,735
Series T Shares	<u>4,839,626</u>	<u>—</u>	<u>—</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	\$ 12.65	\$ 11.62	\$ 10.49
Series T Shares	<u>\$ 15.30</u>	<u>\$ —</u>	<u>\$ —</u>

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 6,015,085	\$ 3,021,068
Interest for distribution purposes	3,837,541	1,133,376
Capital gains distributions received	4,390,309	1,562,175
Net realized gain (loss) on non-derivative financial assets	10,131,534	—
Change in unrealized appreciation (depreciation) of non-derivative financial assets	<u>27,509,644</u>	<u>14,151,301</u>
Net gain (loss) on investments	51,884,113	19,867,920
Other income	5,128	7,180
Total income (loss)	<u>51,889,241</u>	<u>19,875,100</u>
EXPENSES		
Management fees (note 5)	8,288,129	2,427,928
Administration fees (note 6)	460,439	134,884
Harmonized Sales Tax/Goods and Services Tax	845,803	241,665
Independent Review Committee fees	858	124
Foreign withholding taxes/tax reclaims	<u>222,867</u>	<u>176,638</u>
Total expenses	<u>9,818,096</u>	<u>2,981,239</u>
Net expenses	<u>9,818,096</u>	<u>2,981,239</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$42,071,145</u>	<u>\$16,893,861</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	\$40,025,557	\$16,893,861
Series T Shares	<u>\$ 2,045,588</u>	<u>\$ —</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	\$ 1.12	\$ 1.39
Series T Shares	<u>\$ 0.81</u>	<u>\$ —</u>
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	35,829,694	12,179,845
Series T Shares	<u>2,536,372</u>	<u>—</u>

* The increase (decrease) in net assets attributable to holders of redeemable shares per share is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable shares from operations per series by the weighted average shares per series.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series A Shares	\$274,089,754	\$ 40,044,074
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	40,025,557	16,893,861
Series T Shares	<u>2,045,588</u>	<u>—</u>
	<u>42,071,145</u>	<u>16,893,861</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	(4,385,065)	(1,571,942)
Series T Shares	<u>(561,008)</u>	<u>—</u>
From realized gain		
Series A Shares	—	(180,096)
Return of Capital		
Series T Shares	<u>(726,110)</u>	<u>—</u>
	<u>(5,672,183)</u>	<u>(1,752,038)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	335,843,563	232,536,031
Series T Shares	<u>76,409,519</u>	<u>—</u>
Reinvested distributions		
Series A Shares	4,352,080	1,742,599
Series T Shares	<u>314,606</u>	<u>—</u>
Payments on redemption		
Series A Shares	(69,581,121)	(15,374,773)
Series T Shares	<u>(3,458,187)</u>	<u>—</u>
	<u>343,880,460</u>	<u>218,903,857</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	306,255,014	234,045,680
Series T Shares	<u>74,024,408</u>	<u>—</u>
	<u>380,279,422</u>	<u>234,045,680</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series A Shares	580,344,768	274,089,754
Series T Shares	<u>74,024,408</u>	<u>—</u>
	<u>\$654,369,176</u>	<u>\$274,089,754</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 42,071,145	\$ 16,893,861
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(10,131,534)	—
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(27,509,644)	(14,151,301)
Purchases of non-derivative financial assets	(546,415,968)	(213,914,981)
Proceeds from sale of non-derivative financial assets	203,076,491	—
Accrued investment income	<u>(3,653)</u>	<u>(2,907)</u>
Net cash provided by (used in) operating activities	<u>(338,913,163)</u>	<u>(211,175,328)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	411,948,247	232,002,277
Amounts paid on redemption of redeemable shares	(72,878,988)	(15,156,088)
Distributions to shareholders of redeemable shares	<u>(751,952)</u>	<u>(554)</u>
Net cash provided by (used in) financing activities	<u>338,317,307</u>	<u>216,845,635</u>
Net increase (decrease) in cash	(595,856)	5,670,307
Cash (Bank Indebtedness) at beginning of period	6,498,644	828,337
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 5,902,788</u>	<u>\$ 6,498,644</u>
Interest received(1)	3,833,888	1,130,469
Dividends received, net of withholding taxes(1)	<u>5,792,218</u>	<u>2,844,430</u>

(1) Classified as operating items.

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Balanced Growth Portfolio Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 23.3%			
2,096,393	Scotia Canadian Income Fund Series I	29,041,357	29,161,248
1,828,144	Scotia Floating Rate Income Fund Series I	18,356,324	18,267,728
2,984,758	Scotia Private American Core-Plus Bond Pool Series I	28,030,540	28,578,460
4,416,588	Scotia Private Canadian Corporate Bond Pool Series I	47,698,259	47,856,823
3,025,828	Scotia Private High Yield Income Pool Series I	29,180,330	28,611,625
		<u>152,306,810</u>	<u>152,475,884</u>
CANADIAN EQUITY FUNDS – 35.9%			
3,651,405	1832 AM Canadian Preferred Share LP Series I	38,369,242	38,923,981
1,677,134	Scotia Canadian Dividend Fund Series I	78,348,080	87,833,377
3,748,723	Scotia Private Canadian Equity Pool Series I	46,978,138	48,940,328
1,279,897	Scotia Private Canadian Growth Pool Series I	18,096,973	19,604,696
1,212,048	Scotia Private Canadian Small Cap Pool Series I	40,507,219	39,503,418
		<u>222,299,652</u>	<u>234,805,800</u>
FOREIGN EQUITY FUNDS – 39.8%			
1,167,425	1832 AM Global Completion LP Series I	12,450,809	13,257,274
3,353,440	Scotia Global Low Volatility Equity LP Series I	35,711,927	39,982,394
1,311,331	Scotia Private Global Equity Pool Series I	22,262,882	26,444,441
743,971	Scotia Private Global Real Estate Pool Series I	11,654,769	13,330,017
3,301,693	Scotia Private International Equity Pool Series I	37,509,032	39,556,261
495,757	Scotia Private U.S. Mid Cap Growth Pool Series I	10,663,099	13,283,764
4,456,439	Scotia U.S. Dividend Growers LP Series I	45,095,271	53,841,354
5,328,043	Scotia U.S. Low Volatility Equity LP Series I	55,661,162	61,068,968
		<u>231,008,951</u>	<u>260,764,473</u>
	TOTAL INVESTMENT PORTFOLIO	<u>605,615,413</u>	<u>648,046,157</u>
	OTHER ASSETS, LESS LIABILITIES – 1.0%		<u>6,323,019</u>
	NET ASSETS – 100.0%		<u>654,369,176</u>

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Balanced Growth Portfolio Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of income and long term capital appreciation, with a bias towards capital appreciation. It invests primarily in a diversified mix of mutual funds, and/ or equity securities and/or fixed income securities located anywhere in the world.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$2,308,787 or approximately 0.4% (December 31, 2013 – \$1,481,696 or approximately 0.5%, January 1, 2013 – \$217,646 or approximately 0.5%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the underlying funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 75.7% (December 31, 2013 – 63.1%, January 1, 2013 – 61.1%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$49,557,027 (December 31, 2013 – \$17,311,104, January 1, 2013 – \$2,445,940). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the underlying funds invested in debt instruments and derivatives.

- v) Liquidity risk

The table below summarizes the Fund's financial liabilities based on the remaining period to the contractual maturity date.

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts payable and accrued liabilities	\$ –	\$946,935	\$ –	\$233,070	\$ –	\$415,498
Redeemable units	654,369,176	–	274,089,754	–	40,044,074	–
	\$654,369,176	\$946,935	\$274,089,754	\$233,070	\$40,044,074	\$415,498

Scotia INNOVA Balanced Growth Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer term.

vi) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, geographical location, asset type, industry sector or counterparty type. The table(s) below is a summary of the Fund's concentration risk.

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	23.3	34.2	36.6
Canadian Equity Funds	35.9	30.5	27.4
Foreign Equity Funds	39.8	32.6	33.7

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014, December 31, 2013 and January 1, 2013.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$648,046,157	\$ –	\$ –	\$648,046,157

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$266,765,501	\$ –	\$ –	\$266,765,501

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 39,109,217	\$ –	\$ –	\$ 39,109,217

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

Scotia INNOVA Balanced Growth Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

Underlying Fund	December 31, 2014		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia U.S. Dividend Growers LP Series I	\$ 137,216,159	\$ 53,841,354	8.2
Scotia Floating Rate Income Fund Series I	647,072,278	18,267,728	2.8
1832 AM Canadian Preferred Share LP Series I	160,756,812	38,923,981	5.9
Scotia Global Low Volatility Equity LP Series I	604,457,652	39,982,394	6.1
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	61,068,968	9.3
1832 AM Global Completion LP Series I	289,313,699	13,257,274	2.0
Scotia Private High Yield Income Pool Series I	910,438,382	28,611,625	4.4
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	28,578,460	4.4
Scotia Private Canadian Growth Pool Series I	331,181,286	19,604,696	3.0
Scotia Private Canadian Small Cap Pool Series I	538,492,305	39,503,418	6.0
Scotia Private U.S. Mid Cap Growth Pool Series I	173,925,451	13,283,764	2.0
Scotia Private International Equity Pool Series I	600,735,759	39,556,261	6.0
Scotia Private Global Equity Pool Series I	459,739,970	26,444,441	4.0
Scotia Private Global Real Estate Pool Series I	273,276,031	13,330,017	2.0
Scotia Private Canadian Equity Pool Series I	1,014,747,384	48,940,328	7.5
Scotia Canadian Dividend Fund Series I	7,347,067,396	87,833,377	13.4
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	47,856,823	7.3
Scotia Canadian Income Fund Series I	5,990,064,451	29,161,248	4.5
		\$648,046,157	99.0

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 217,679,760	\$ 8,024,631	2.9
Scotia Private Canadian Preferred Share Pool Series I	357,322,136	10,526,934	3.8
Scotia Canadian Income LP Series I	184,809,838	31,603,004	11.5
Scotia Private High Yield Income Pool Series I	759,668,764	10,427,265	3.8
Scotia Private American Core-Plus Bond Pool Series I	415,613,441	13,027,607	4.8
Scotia Private Canadian Growth Pool Series I	258,721,799	6,762,246	2.5
Scotia Private Canadian Small Cap Pool Series I	396,023,757	14,873,992	5.4
Scotia Private U.S. Value Pool Series I	438,348,429	13,583,784	5.0
Scotia Private U.S. Mid Cap Growth Pool Series I	106,986,790	5,406,143	2.0
Scotia Private International Equity Pool Series I	772,556,193	31,456,794	11.5
Scotia Private Global Equity Pool Series I	518,669,821	16,224,106	5.9
Scotia Private Global Real Estate Pool Series I	314,362,180	8,093,059	3.0
Scotia Private Canadian Equity Pool Series I	822,088,599	18,981,544	6.9
Scotia Canadian Dividend Fund Series I	6,027,537,970	32,396,501	11.8
Scotia Canadian Income Fund Series I	6,273,765,157	38,596,584	14.1
Scotia Private U.S. Equity Pool Series I	469,093,898	6,781,307	2.4
		\$266,765,501	97.3

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 133,105,189	\$ 1,246,046	3.1
Scotia Private Canadian Preferred Share Pool Series I	271,653,787	1,625,751	4.1
Scotia Canadian Income LP Series I	114,565,942	10,234,669	25.6
Scotia Private High Yield Income Pool Series I	572,230,047	1,247,481	3.1
Scotia Private American Core-Plus Bond Pool Series I	273,056,501	1,541,918	3.9
Scotia Private Canadian Growth Pool Series I	170,764,724	1,055,881	2.6
Scotia Private Canadian Small Cap Pool Series I	232,574,170	2,221,585	5.5
Scotia Private U.S. Value Pool Series I	260,145,009	2,063,591	5.2
Scotia Private U.S. Mid Cap Growth Pool Series I	61,828,204	851,238	2.1
Scotia Private International Equity Pool Series I	448,297,693	4,613,413	11.5
Scotia Private Global Equity Pool Series I	337,699,478	2,432,387	6.1
Scotia Private Global Real Estate Pool Series I	223,229,954	1,248,821	3.1
Scotia Private Canadian Equity Pool Series I	565,707,023	2,837,368	7.1
Scotia Canadian Dividend Fund Series I	4,574,752,946	4,842,034	12.1
Scotia Private U.S. Equity Pool Series I	504,307,634	1,047,034	2.6
		\$ 39,109,217	97.7

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Balanced Growth Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	12.65	12.65	11.62	11.62
Series T	15.30	15.30	–	–

Scotia INNOVA Growth Portfolio Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$232,717,978	\$102,297,948	\$13,243,821
Cash	2,591,981	3,549,769	280,770
Accrued investment income	2,340	1,976	314
Subscriptions receivable	477,378	537,374	282,972
	<u>235,789,677</u>	<u>106,387,067</u>	<u>13,807,877</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	550,000	450,000	234,999
Distributions payable	26,903	1,493	298
Redemptions payable	158,575	10,500	—
	<u>735,478</u>	<u>461,993</u>	<u>235,297</u>
Net Assets attributable to holders of redeemable shares	<u>\$235,054,199</u>	<u>\$105,925,074</u>	<u>\$13,572,580</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	\$225,518,648	\$105,925,074	\$13,572,580
Series T Shares	\$ 9,535,551	\$ —	\$ —
SHARES OUTSTANDING			
Series A Shares	17,032,046	8,773,738	1,288,821
Series T Shares	616,941	—	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	\$ 13.24	\$ 12.07	\$ 10.53
Series T Shares	\$ 15.46	\$ —	\$ —

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 2,693,623	\$1,368,043
Interest for distribution purposes	830,443	302,527
Capital gains distributions received	2,114,438	825,927
Net realized gain (loss) on non-derivative financial assets	3,708,953	—
Change in unrealized appreciation (depreciation) of non-derivative financial assets	12,164,755	6,715,005
Net gain (loss) on investments	<u>21,512,212</u>	<u>9,211,502</u>
Other income	3,608	5,616
Total income (loss)	<u>21,515,820</u>	<u>9,217,118</u>
EXPENSES		
Management fees (note 5)	3,322,817	909,766
Administration fees (note 6)	174,881	47,882
Harmonized Sales Tax/Goods and Services Tax	333,321	90,050
Independent Review Committee fees	331	37
Foreign withholding taxes/tax reclaims	124,614	83,881
Total expenses	<u>3,955,964</u>	<u>1,131,616</u>
Net expenses	<u>3,955,964</u>	<u>1,131,616</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$17,559,856</u>	<u>\$8,085,502</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	\$17,216,186	\$8,085,502
Series T Shares	\$ 343,670	\$ —
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	\$ 1.27	\$ 1.92
Series T Shares	\$ 1.03	\$ —
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	13,514,995	4,214,683
Series T Shares	332,872	—

* The increase (decrease) in net assets attributable to holders of redeemable shares per share is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable shares from operations per series by the weighted average shares per series.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series A Shares	\$105,925,074	\$ 13,572,580
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	17,216,186	8,085,502
Series T Shares	343,670	—
	<u>17,559,856</u>	<u>8,085,502</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	(1,794,397)	(683,311)
Series T Shares	(76,062)	—
From realized gain		
Series A Shares	—	(61,043)
Return of Capital		
Series A Shares	—	—
Series T Shares	(84,934)	—
	<u>(1,955,393)</u>	<u>(744,354)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	143,560,597	89,829,601
Series T Shares	10,108,553	—
Reinvested distributions		
Series A Shares	1,792,814	742,568
Series T Shares	57,278	—
Payments on redemption		
Series A Shares	(41,181,626)	(5,560,823)
Series T Shares	(812,954)	—
	<u>113,524,662</u>	<u>85,011,346</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	119,593,574	92,352,494
Series T Shares	9,535,551	—
	<u>129,129,125</u>	<u>92,352,494</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series A Shares	225,518,648	105,925,074
Series T Shares	9,535,551	—
	<u>\$235,054,199</u>	<u>\$105,925,074</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 17,559,856	\$ 8,085,502
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(3,708,953)	—
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(12,164,755)	(6,715,005)
Purchases of non-derivative financial assets	(180,399,809)	(82,124,121)
Proceeds from sale of non-derivative financial assets	65,953,487	—
Accrued investment income	(364)	(1,662)
Net cash provided by (used in) operating activities	<u>(112,760,538)</u>	<u>(80,755,286)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	153,729,146	89,575,199
Amounts paid on redemption of redeemable shares	(41,846,505)	(5,550,323)
Distributions to shareholders of redeemable shares	(79,891)	(591)
Net cash provided by (used in) financing activities	<u>111,802,750</u>	<u>84,024,285</u>
Net increase (decrease) in cash	(957,788)	3,268,999
Cash (Bank Indebtedness) at beginning of period	3,549,769	280,770
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 2,591,981</u>	<u>\$ 3,549,769</u>
Interest received(1)	830,079	300,865
Dividends received, net of withholding taxes(1)	2,569,009	1,284,162

(1) Classified as operating items.

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Growth Portfolio Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
FIXED INCOME FUNDS – 11.4%			
485,204	Scotia Canadian Income Fund Series I	6,706,095	6,749,285
583,524	Scotia Private American Core-Plus Bond Pool Series I	5,460,234	5,587,127
930,076	Scotia Private Canadian Corporate Bond Pool Series I	10,046,127	10,078,027
476,035	Scotia Private High Yield Income Pool Series I	4,575,994	4,501,289
		<u>26,788,450</u>	<u>26,915,728</u>
CANADIAN EQUITY FUNDS – 37.0%			
647,214	1832 AM Canadian Preferred Share LP Series I	6,783,617	6,899,296
531,957	Scotia Canadian Dividend Fund Series I	24,394,590	27,859,169
1,548,082	Scotia Private Canadian Equity Pool Series I	19,280,404	20,210,519
777,354	Scotia Private Canadian Growth Pool Series I	10,755,543	11,907,049
615,543	Scotia Private Canadian Small Cap Pool Series I	20,419,010	20,061,950
		<u>81,633,164</u>	<u>86,937,983</u>
FOREIGN EQUITY FUNDS – 50.6%			
514,274	1832 AM Global Completion LP Series I	5,461,773	5,840,093
1,012,056	Scotia Global Low Volatility Equity LP Series I	10,756,595	12,066,543
715,783	Scotia Private Emerging Markets Pool Series I	6,593,417	7,002,860
587,327	Scotia Private Global Equity Pool Series I	9,904,837	11,844,092
263,784	Scotia Private Global Real Estate Pool Series I	4,099,083	4,726,331
1,476,759	Scotia Private International Equity Pool Series I	16,783,399	17,692,463
446,173	Scotia Private U.S. Mid Cap Growth Pool Series I	9,908,495	11,955,148
2,017,998	Scotia U.S. Dividend Growers LP Series I	20,356,410	24,380,845
2,037,716	Scotia U.S. Low Volatility Equity LP Series I	21,277,308	23,355,892
		<u>105,141,317</u>	<u>118,864,267</u>
	TOTAL INVESTMENT PORTFOLIO	<u>213,562,931</u>	<u>232,717,978</u>
	OTHER ASSETS, LESS LIABILITIES – 1.0%		<u>2,336,221</u>
	NET ASSETS – 100.0%		<u>235,054,199</u>

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Growth Portfolio Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is to achieve a balance of long term capital appreciation and income, with a significant bias towards capital appreciation. It invests primarily in a diversified mix of mutual funds, and/or equity securities and/or fixed income securities located anywhere in the world.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The Fund invests in underlying funds, which are exposed to interest rate risk. As at December 31, 2014, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, respectively, by \$429,443 or approximately 0.2% (December 31, 2013 – \$344,230 or approximately 0.3%, January 1, 2013 – \$41,675 or approximately 0.3%). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the underlying funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 87.6% (December 31, 2013 – 75.7%, January 1, 2013 – 75.9%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$20,580,225 (December 31, 2013 – \$8,009,567, January 1, 2013 – \$1,030,066). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the underlying funds invested in debt instruments and derivatives.

- v) Liquidity risk

The table below summarizes the Fund's financial liabilities based on the remaining period to the contractual maturity date.

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$735,478	\$ –	\$461,993	\$ –	\$235,297
Redeemable units	235,054,199	–	105,925,074	–	13,572,580	–
	\$235,054,199	\$735,478	\$105,925,074	\$461,993	\$13,572,580	\$235,297

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer term.

Scotia INNOVA Growth Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, geographical location, asset type, industry sector or counterparty type. The table(s) below is a summary of the Fund's concentration risk.

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Fixed Income Funds	11.4	21.0	21.7
Canadian Equity Funds	37.0	35.5	33.6
Foreign Equity Funds	50.6	40.2	42.3

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014, December 31, 2013 and January 1, 2013.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$232,717,978	\$ –	\$ –	\$232,717,978

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$102,297,948	\$ –	\$ –	\$102,297,948

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 13,243,821	\$ –	\$ –	\$ 13,243,821

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 172,517,483	\$ 7,002,860	3.0
Scotia U.S. Dividend Growers LP Series I	137,216,159	24,380,845	10.4
1832 AM Canadian Preferred Share LP Series I	160,756,812	6,899,296	2.9
Scotia Global Low Volatility Equity LP Series I	604,457,652	12,066,543	5.1
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	23,355,892	9.9
1832 AM Global Completion LP Series I	289,313,699	5,840,093	2.5
Scotia Private High Yield Income Pool Series I	910,438,382	4,501,289	1.9
Scotia Private American Core-Plus Bond Pool Series I	628,345,246	5,587,127	2.4
Scotia Private Canadian Growth Pool Series I	331,181,286	11,907,049	5.1
Scotia Private Canadian Small Cap Pool Series I	538,492,305	20,061,950	8.5
Scotia Private U.S. Mid Cap Growth Pool Series I	173,925,451	11,955,148	5.1
Scotia Private International Equity Pool Series I	600,735,759	17,692,463	7.5
Scotia Private Global Equity Pool Series I	459,739,970	11,844,092	5.0
Scotia Private Global Real Estate Pool Series I	273,276,031	4,726,331	2.0
Scotia Private Canadian Equity Pool Series I	1,014,747,384	20,210,519	8.6
Scotia Canadian Dividend Fund Series I	7,347,067,396	27,859,169	11.9
Scotia Private Canadian Corporate Bond Pool Series I	4,143,683,984	10,078,027	4.3
Scotia Canadian Income Fund Series I	5,990,064,451	6,749,285	2.9
		\$232,717,978	99.0

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Growth Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 217,679,760	\$ 4,042,749	3.8
Scotia Private Canadian Preferred Share Pool Series I	357,322,136	3,055,169	2.9
Scotia Canadian Income LP Series I	184,809,838	3,868,419	3.7
Scotia Private High Yield Income Pool Series I	759,668,764	3,029,041	2.9
Scotia Private American Core-Plus Bond Pool Series I	415,613,441	4,039,355	3.8
Scotia Private Canadian Growth Pool Series I	258,721,799	5,142,668	4.9
Scotia Private Canadian Small Cap Pool Series I	396,023,757	8,753,546	8.3
Scotia Private U.S. Value Pool Series I	438,348,429	6,688,134	6.3
Scotia Private U.S. Mid Cap Growth Pool Series I	106,986,790	2,539,049	2.4
Scotia Private International Equity Pool Series I	772,556,193	14,431,606	13.6
Scotia Private Global Equity Pool Series I	518,669,821	7,675,787	7.1
Scotia Private Global Real Estate Pool Series I	314,362,180	4,080,416	3.9
Scotia Private Canadian Equity Pool Series I	822,088,599	8,259,708	7.8
Scotia Canadian Dividend Fund Series I	6,027,537,970	12,345,395	11.7
Scotia Canadian Income Fund Series I	6,273,765,157	11,265,465	10.6
Scotia Private U.S. Equity Pool Series I	469,093,898	3,081,441	2.9
		\$102,297,948	96.6

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 133,105,189	\$ 557,778	4.1
Scotia Private Canadian Preferred Share Pool Series I	271,653,787	420,830	3.1
Scotia Canadian Income LP Series I	114,565,942	1,893,473	14.0
Scotia Private High Yield Income Pool Series I	572,230,047	271,682	2.0
Scotia Private American Core-Plus Bond Pool Series I	273,056,501	357,172	2.6
Scotia Private Canadian Growth Pool Series I	170,764,724	694,751	5.1
Scotia Private Canadian Small Cap Pool Series I	232,574,170	1,165,010	8.6
Scotia Private U.S. Value Pool Series I	260,145,009	907,055	6.7
Scotia Private U.S. Mid Cap Growth Pool Series I	61,828,204	359,566	2.6
Scotia Private International Equity Pool Series I	448,297,693	1,894,180	14.0
Scotia Private Global Equity Pool Series I	337,699,478	1,033,108	7.6
Scotia Private Global Real Estate Pool Series I	223,229,954	557,725	4.1
Scotia Private Canadian Equity Pool Series I	565,707,023	1,094,825	8.1
Scotia Canadian Dividend Fund Series I	4,574,752,946	1,609,994	11.9
Scotia Private U.S. Equity Pool Series I	504,307,634	426,672	3.1
		\$ 13,243,821	97.6

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	13.24	13.24	12.07	12.07
Series T	15.46	15.46	—	—

Scotia INNOVA Maximum Growth Portfolio Class

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014	December 31, 2013	January 1, 2013
ASSETS			
Current assets			
Investments			
Non-derivative financial assets	\$47,739,193	\$19,085,126	\$2,852,120
Cash	936,138	623,016	24,378
Accrued investment income	931	457	36
Subscriptions receivable	205,786	287,300	922
	<u>48,882,048</u>	<u>19,995,899</u>	<u>2,877,456</u>
LIABILITIES			
Current liabilities			
Payable for securities purchased	60,000	181,800	—
Distributions payable	3,811	684	—
Redemptions payable	106,171	275,445	—
	<u>169,982</u>	<u>457,929</u>	<u>—</u>
Net Assets attributable to holders of redeemable shares	<u>\$48,712,066</u>	<u>\$19,537,970</u>	<u>\$2,877,456</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SERIES			
Series A Shares	\$46,045,829	\$19,537,970	\$2,877,456
Series T Shares	\$ 2,666,237	\$ —	\$ —
SHARES OUTSTANDING			
Series A Shares	3,240,001	1,517,133	270,686
Series T Shares	171,346	—	—
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE			
Series A Shares	\$ 14.21	\$ 12.88	\$ 10.63
Series T Shares	\$ 15.56	\$ —	\$ —

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended December 31,

	2014	2013
INCOME		
Net gain (loss) on investments (note 2)		
Dividends	\$ 680,117	\$ 313,095
Interest for distribution purposes	8,667	5,234
Capital gains distributions received	496,482	201,259
Net realized gain (loss) on non-derivative financial assets	916,879	5,735
Change in unrealized appreciation (depreciation) of non-derivative financial assets	2,472,054	1,869,156
Net gain (loss) on investments	4,574,199	2,394,479
Other income	3,354	944
Total income (loss)	<u>4,577,553</u>	<u>2,395,423</u>
EXPENSES		
Management fees (note 5)	694,369	190,295
Administration fees (note 6)	34,717	9,516
Harmonized Sales Tax/Goods and Services Tax	73,264	25,515
Independent Review Committee fees	65	10
Overdraft charges	32	16
Foreign withholding taxes/tax reclaims	39,684	19,834
Total expenses	<u>842,131</u>	<u>245,186</u>
Net expenses	<u>842,131</u>	<u>245,186</u>
Increase (decrease) in Net Assets attributable to holders of redeemable shares from operations	<u>\$3,735,422</u>	<u>\$2,150,237</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SERIES		
Series A Shares	\$3,642,328	\$2,150,237
Series T Shares	\$ 93,094	\$ —
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS PER SHARE*		
Series A Shares	\$ 1.46	\$ 2.67
Series T Shares	\$ 1.15	\$ —
WEIGHTED AVERAGE NUMBER OF SHARES		
Series A Shares	2,501,259	805,685
Series T Shares	81,177	—

* The increase (decrease) in net assets attributable to holders of redeemable shares per share is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable shares from operations per series by the weighted average shares per series.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the periods ended December 31,

	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — BEGINNING OF PERIOD		
Series A Shares	\$19,537,970	\$ 2,877,456
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES FROM OPERATIONS		
Series A Shares	3,642,328	2,150,237
Series T Shares	93,094	—
	<u>3,735,422</u>	<u>2,150,237</u>
DISTRIBUTIONS TO SHAREHOLDERS OF REDEEMABLE SHARES		
From net investment income		
Series A Shares	(358,278)	(151,701)
Series T Shares	(20,769)	—
From realized gain		
Series A Shares	—	(13,255)
Return of capital		
Series T Shares	(19,521)	—
	<u>(398,568)</u>	<u>(164,956)</u>
REDEEMABLE CAPITAL SHARE TRANSACTIONS		
Proceeds from issue		
Series A Shares	30,174,052	16,112,777
Series T Shares	2,743,497	—
Reinvested distributions		
Series A Shares	357,926	164,273
Series T Shares	27,171	—
Payments on redemption		
Series A Shares	(7,308,169)	(1,601,817)
Series T Shares	(157,235)	—
	<u>25,837,242</u>	<u>14,675,233</u>
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A Shares	26,507,859	16,660,514
Series T Shares	2,666,237	—
	<u>29,174,096</u>	<u>16,660,514</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — END OF PERIOD		
Series A Shares	46,045,829	19,537,970
Series T Shares	2,666,237	—
	<u>\$48,712,066</u>	<u>\$19,537,970</u>

STATEMENTS OF CASH FLOWS

For the periods ended December 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	\$ 3,735,422	\$ 2,150,237
Adjustments For:		
Net realized (gain) loss on sale of non-derivative financial assets	(916,879)	(5,735)
Change in unrealized (appreciation) depreciation on sale of non-derivative financial assets	(2,472,054)	(1,869,156)
Purchases of non-derivative financial assets	(34,897,836)	(14,256,315)
Proceeds from sale of non-derivative financial assets	9,510,901	80,000
Accrued investment income	(474)	(421)
Net cash provided by (used in) operating activities	<u>(25,040,920)</u>	<u>(13,901,390)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of redeemable shares	32,999,063	15,826,399
Amounts paid on redemption of redeemable shares	(7,634,677)	(1,326,372)
Distributions to shareholders of redeemable shares	(10,344)	1
Net cash provided by (used in) financing activities	<u>25,354,042</u>	<u>14,500,028</u>
Net increase (decrease) in cash	313,122	598,638
Cash (Bank Indebtedness) at beginning of period	623,016	24,378
CASH (BANK INDEBTEDNESS) AT END OF PERIOD	<u>\$ 936,138</u>	<u>\$ 623,016</u>
Interest received(1)	8,193	4,813
Dividends received, net of withholding taxes(1)	640,433	293,261

(1) Classified as operating items.

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Maximum Growth Portfolio Class (Continued)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Number of Units	Issuer	Average Cost (\$)	Carrying Value (\$)
CANADIAN EQUITY FUNDS – 38.8%			
125,609	Scotia Canadian Dividend Fund Series I	5,818,464	6,578,263
218,336	Scotia Private Canadian Equity Pool Series I	2,720,710	2,850,425
310,285	Scotia Private Canadian Growth Pool Series I	4,330,677	4,752,757
144,587	Scotia Private Canadian Small Cap Pool Series I	4,800,439	4,712,433
		<u>17,670,290</u>	<u>18,893,878</u>
FOREIGN EQUITY FUNDS – 59.2%			
126,472	1832 AM Global Completion LP Series I	1,346,422	1,436,218
243,355	Scotia Global Low Volatility Equity LP Series I	2,592,994	2,901,476
270,085	Scotia Private Emerging Markets Pool Series I	2,512,629	2,642,380
144,222	Scotia Private Global Equity Pool Series I	2,451,297	2,908,395
95,151	Scotia Private Global Real Estate Pool Series I	1,492,818	1,704,866
479,112	Scotia Private International Equity Pool Series I	5,442,113	5,740,051
107,261	Scotia Private U.S. Mid Cap Growth Pool Series I	2,365,934	2,874,046
486,459	Scotia U.S. Dividend Growers LP Series I	4,912,590	5,877,247
240,855	Scotia U.S. Low Volatility Equity LP Series I	2,513,794	2,760,636
		<u>25,630,591</u>	<u>28,845,315</u>
	TOTAL INVESTMENT PORTFOLIO	<u>43,300,881</u>	<u>47,739,193</u>
	OTHER ASSETS, LESS LIABILITIES – 2.0%		<u>972,873</u>
	NET ASSETS – 100.0%		<u>48,712,066</u>

The accompanying notes are an integral part of the financial statements.

Scotia INNOVA Maximum Growth Portfolio Class

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

1. The Fund (note 1)

- i) The Fund's investment objective is long term capital appreciation. It invests primarily in a diversified mix of mutual funds and/or equity securities located anywhere in the world.

2. Transition to IFRS (note 12)

There were no adjustments related to the measurement of the assets and liabilities at fair value on transition to IFRS and therefore, the Fund's transition adjustments are limited to those disclosed in note 12.

3. Risks Associated with Financial Instruments (note 4)

- i) Interest rate risk

The majority of the Underlying Funds' financial assets and liabilities were non-interest bearing as at December 31, 2014, December 31, 2013 and January 1, 2013. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

- ii) Currency risk

The Fund could be exposed to indirect currency risk to the extent that the underlying funds held financial instruments that were denominated in a currency other than its functional currency.

- iii) Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at December 31, 2014, approximately 98.0% (December 31, 2013 – 97.7%, January 1, 2013 – 99.1%) of the Fund's net assets attributable to holders of redeemable units were invested in Underlying Funds which were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units of the Fund would have decreased or increased, respectively, by approximately \$4,773,919 (December 31, 2013 – \$1,908,513, January 1, 2013 – \$285,212). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

- iv) Credit risk

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

- v) Liquidity risk

The table below summarizes the Fund's financial liabilities based on the remaining period to the contractual maturity date.

	December 31, 2014		December 31, 2013		January 1, 2013	
	On demand	Less than 3 months	On demand	Less than 3 months	On demand	Less than 3 months
Accounts Payable and accrued liabilities	\$ –	\$169,982	\$ –	\$457,929	\$ –	\$ –
Redeemable units	48,712,066	–	19,537,970	–	2,877,456	–
	\$48,712,066	\$169,982	\$19,537,970	\$457,929	\$2,877,456	\$ –

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer term.

Scotia INNOVA Maximum Growth Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

vi) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, geographical location, asset type, industry sector or counterparty type. The table(s) below is a summary of the Fund's concentration risk.

	Percentage of Net Assets (%)		
	December 31, 2014	December 31, 2013	January 1, 2013
Canada Equity Funds	38.8	44.5	45.3
Foreign Equity Funds	59.2	53.2	53.8

vii) Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014, December 31, 2013 and January 1, 2013.

December 31, 2014	Level 1	Level 2	Level 3	Total
Mutual Funds	\$47,739,193	\$ –	\$ –	\$47,739,193

December 31, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$19,085,126	\$ –	\$ –	\$19,085,126

January 1, 2013	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 2,852,120	\$ –	\$ –	\$ 2,852,120

Transfers Between Levels

During the periods ended December 31, 2014 and December 31, 2013, there were no transfers between Level 1 and Level 2.

4. Offsetting of Financial Assets and Liabilities (note 2)

As at December 31, 2014, December 31, 2013 and January 1, 2013, the Fund did not enter into any agreement whereby the financial instruments were eligible for offset.

5. Interest in Underlying Funds (note 2)

The following tables provide information about the Fund's interest in Underlying Funds as at December 31, 2014, December 31, 2013 and January 1, 2013.

	December 31, 2014		
Underlying Fund	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 172,517,483	\$ 2,642,380	5.4
Scotia U.S. Dividend Growers LP Series I	137,216,159	5,877,247	12.1
Scotia Global Low Volatility Equity LP Series I	604,457,652	2,901,476	5.9
Scotia U.S. Low Volatility Equity LP Series I	910,655,223	2,760,636	5.7
1832 AM Global Completion LP Series I	289,313,699	1,436,218	2.9
Scotia Private Canadian Growth Pool Series I	331,181,286	4,752,757	9.8
Scotia Private Canadian Small Cap Pool Series I	538,492,305	4,712,433	9.7
Scotia Private U.S. Mid Cap Growth Pool Series I	173,925,451	2,874,046	5.9
Scotia Private International Equity Pool Series I	600,735,759	5,740,051	11.8
Scotia Private Global Equity Pool Series I	459,739,970	2,908,395	6.0
Scotia Private Global Real Estate Pool Series I	273,276,031	1,704,866	3.5
Scotia Private Canadian Equity Pool Series I	1,014,747,384	2,850,425	5.8
Scotia Canadian Dividend Fund Series I	7,347,067,396	6,578,263	13.5
		\$47,739,193	98.0

Scotia INNOVA Maximum Growth Portfolio Class (Continued)

FUND SPECIFIC NOTES

For the periods indicated in Note 1.

Underlying Fund	December 31, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 217,679,760	\$ 950,552	4.9
Scotia Private Canadian Growth Pool Series I	258,721,799	2,101,373	10.8
Scotia Private Canadian Small Cap Pool Series I	396,023,757	2,393,590	12.2
Scotia Private U.S. Value Pool Series I	438,348,429	1,611,910	8.2
Scotia Private U.S. Mid Cap Growth Pool Series I	106,986,790	662,093	3.4
Scotia Private International Equity Pool Series I	772,556,193	3,549,118	18.2
Scotia Private Global Equity Pool Series I	518,669,821	1,900,821	9.7
Scotia Private Global Real Estate Pool Series I	314,362,180	951,552	4.9
Scotia Private Canadian Equity Pool Series I	822,088,599	1,242,591	6.4
Scotia Canadian Dividend Fund Series I	6,027,537,970	2,960,735	15.1
Scotia Private U.S. Equity Pool Series I	469,093,898	760,791	3.9
		\$19,085,126	97.7

Underlying Fund	January 1, 2013		
	Net asset value of underlying fund	Investment fair value	% of Net Assets
Scotia Private Emerging Markets Pool Series I	\$ 133,105,189	\$ 148,333	5.2
Scotia Private Canadian Growth Pool Series I	170,764,724	316,814	11.0
Scotia Private Canadian Small Cap Pool Series I	232,574,170	356,577	12.4
Scotia Private U.S. Value Pool Series I	260,145,009	235,491	8.2
Scotia Private U.S. Mid Cap Growth Pool Series I	61,828,204	104,892	3.6
Scotia Private International Equity Pool Series I	448,297,693	520,092	18.1
Scotia Private Global Equity Pool Series I	337,699,478	280,716	9.8
Scotia Private Global Real Estate Pool Series I	223,229,954	140,866	4.9
Scotia Private Canadian Equity Pool Series I	565,707,023	188,119	6.5
Scotia Canadian Dividend Fund Series I	4,574,752,946	443,961	15.4
Scotia Private U.S. Equity Pool Series I	504,307,634	116,259	4.0
		\$ 2,852,120	99.1

6. Comparison of Net Asset Value per Unit and Net Assets per Unit (note 2)

The table below provides a comparison of the IFRS net assets per unit and Pricing NAV per unit. The primary reason for the difference between the IFRS net assets per unit and Pricing NAV per unit is described in Note 2. There were no material differences between the IFRS net assets per unit and Pricing NAV per unit as at January 1, 2013 and are hence not presented.

	December 31, 2014		December 31, 2013	
	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)	Pricing NAV per unit (\$)	IFRS net assets per unit (\$)
Series A	14.21	14.21	12.88	12.88
Series T	15.56	15.56	—	—

Notes to Financial Statements

For the periods indicated in Note 1.

1. The Funds

1832 Asset Management L.P., a wholly owned subsidiary of the Bank of Nova Scotia (“Scotiabank”), is the manager and trustee (where applicable) of the Funds. In this document, “we”, “us”, “our”, the “Manager”, the “Trustee”, and “1832 Asset Management” refer to 1832 Asset Management L.P. The registered office of the Funds is 1 Adelaide St. E, 28th Floor, Toronto, Ontario.

The funds presented in these financial statements are either open-ended mutual fund trusts (“Trust Funds” or “Portfolios”) or classes of a mutual fund corporation (“Corporate Class”). The Trust Funds issue units and Corporate Class Funds issue shares. Throughout this document, where applicable, reference to units and unitholders also refers to shares and shareholders. We also refer to a Trust Fund, a Portfolio and a Corporate Class individually, as a “Fund” and collectively, as the “Funds”.

The Trust Funds are established under the laws of the Province of Ontario pursuant to an Amended and Restated Master Declaration of Trust (“Declaration of Trust”) dated November 24, 2011, as amended from time to time. Scotia Corporate Class Inc. (the “Corporation”) is a multi-class open-ended mutual fund corporation formed by articles of incorporation under the laws of Canada on April 17, 2012, as amended from time to time, to invest the assets attributable to each of the currently offered Corporate Class Funds in accordance with the investment objective of each class. Each Corporate Class is a class of shares of the Corporation. These financial statements only present the financial information of each of the Corporate Classes, as its own reporting entity. Since the Corporation as a whole is liable for the expenses and obligations of all classes, there exists the possibility that if a Corporate Class cannot satisfy its own obligations and they may be satisfied using assets attributable to other Corporate Classes within the Corporation. The Manager, however, believes that the risk of cross-class liability is remote and is diligent to minimize such liability.

The Schedule of Investment Portfolio for each of the Funds is as at December 31, 2014. The Statements of Financial Position are as at December 31, 2014, December 31, 2013 and January, 1, 2013 (as applicable), and the Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows are for the periods ended December 31, 2014 and 2013. For any Funds started during 2014, the information presented is as at December 31, 2014 and for the period from the Fund’s

inception date to December 31, 2014 for the respective statements. Throughout this document, reference to the reporting period refers to the reporting period described above.

These financial statements were approved by the Board of Directors of the Corporation, with respect to the Corporate Classes and by the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., in its capacity as Trustee of those funds that are Trust Funds and authorized for issue on March 6, 2015.

The investment objectives for each of the Funds are provided in the respective Fund’s “Fund Specific Notes”. The inception date for each Fund is as follows:

Trust Funds	Inception Date
Scotia Aria Conservative Build Portfolio	November 19, 2014
Scotia Aria Conservative Core Portfolio	November 19, 2014
Scotia Aria Conservative Pay Portfolio	November 19, 2014
Scotia Aria Moderate Build Portfolio	November 19, 2014
Scotia Aria Moderate Core Portfolio	November 19, 2014
Scotia Aria Moderate Pay Portfolio	November 19, 2014
Scotia Aria Progressive Build Portfolio	November 19, 2014
Scotia Aria Progressive Core Portfolio	November 19, 2014
Scotia Aria Progressive Pay Portfolio	November 19, 2014
Scotia Balanced Opportunities Fund	February 20, 1961
Scotia Bond Fund	August 17, 2009
Scotia Canadian Balanced Fund	May 7, 1990
Scotia Canadian Blue Chip Fund	December 31, 1986
Scotia Canadian Bond Index Fund	September 20, 1999
Scotia Canadian Dividend Fund	October 28, 1992
Scotia Canadian Growth Fund	February 20, 1961
Scotia Canadian Income Fund	November 1, 1957
Scotia Canadian Index Fund	December 13, 1996
Scotia Canadian Small Cap Fund	October 28, 1992
Scotia CanAm Index Fund	July 9, 1993
Scotia Conservative Income Fund	January 27, 2014
Scotia Diversified Monthly Income Fund	June 10, 2005
Scotia Dividend Balanced Fund	August 26, 2010
Scotia European Fund	September 3, 1996
Scotia Floating Rate Income Fund	January 27, 2014
Scotia Global Balanced Fund	August 26, 2010
Scotia Global Bond Fund	July 4, 1994
Scotia Global Dividend Fund	August 26, 2010
Scotia Global Growth Fund	February 20, 1961
Scotia Global Opportunities Fund	November 30, 2000
Scotia Global Small Cap Fund	November 30, 2000
Scotia Income Advantage Fund	July 6, 2011
Scotia INNOVA Balanced Growth Portfolio	January 13, 2009
Scotia INNOVA Balanced Income Portfolio	January 13, 2009
Scotia INNOVA Growth Portfolio	January 13, 2009
Scotia INNOVA Income Portfolio	January 13, 2009
Scotia INNOVA Maximum Growth Portfolio	January 13, 2009
Scotia International Index Fund	September 20, 1999
Scotia International Value Fund	November 30, 2000
Scotia Latin American Fund	August 18, 1994
Scotia Money Market Fund	August 30, 1990

Trust Funds	Inception Date
Scotia Mortgage Income Fund	September 22, 1992
Scotia Nasdaq Index Fund	November 30, 2000
Scotia Pacific Rim Fund	August 18, 1994
Scotia Partners Balanced Growth Portfolio	November 29, 2002
Scotia Partners Balanced Income Portfolio	November 29, 2002
Scotia Partners Growth Portfolio	November 29, 2002
Scotia Partners Income Portfolio	August 26, 2010
Scotia Partners Maximum Growth Portfolio	November 29, 2002
Scotia Premium T-Bill Fund	July 10, 1992
Scotia Private Canadian Corporate Bond Pool	October 30, 2003
Scotia Private Canadian Equity Pool	June 10, 2005
Scotia Private Canadian Preferred Share Pool	November 25, 2011
Scotia Private International Core Equity Pool	June 10, 2005
Scotia Private North American Dividend Pool	June 10, 2005
Scotia Private Real Estate Income Pool	November 20, 2012
Scotia Private Short-Mid Government Bond Pool	September 30, 2007
Scotia Private U.S. Dividend Pool	November 25, 2011
Scotia Private U.S. Equity Pool	June 10, 2005
Scotia Resource Fund	July 6, 1993
Scotia Selected Balanced Growth Portfolio	April 22, 2003
Scotia Selected Balanced Income Portfolio	April 22, 2003
Scotia Selected Growth Portfolio	April 22, 2003
Scotia Selected Income Portfolio	November 20, 2012
Scotia Selected Maximum Growth Portfolio	April 22, 2003
Scotia Short Term Bond Fund	August 26, 2010
Scotia T-Bill Fund	October 3, 1991
Scotia U.S. \$ Balanced Fund	July 6, 2011
Scotia U.S. \$ Bond Fund	November 27, 1991
Scotia U.S. \$ Money Market Fund	September 3, 1996
Scotia U.S. Blue Chip Fund	December 31, 1986
Scotia U.S. Dividend Fund	November 20, 2012
Scotia U.S. Index Fund	December 13, 1996
Scotia U.S. Opportunities Fund	November 30, 2000

Corporate Class

Scotia Canadian Corporate Bond Capital Yield Class	May 18, 2012
Scotia Canadian Dividend Class	May 18, 2012
Scotia Canadian Equity Blend Class	November 19, 2012
Scotia Conservative Government Bond Capital Yield Class	May 18, 2012
Scotia Fixed Income Blend Class	November 19, 2012
Scotia Global Dividend Class	May 18, 2012
Scotia INNOVA Balanced Growth Portfolio Class	May 18, 2012
Scotia INNOVA Balanced Income Portfolio Class	May 18, 2012
Scotia INNOVA Growth Portfolio Class	May 18, 2012
Scotia INNOVA Income Portfolio Class	May 18, 2012
Scotia INNOVA Maximum Growth Portfolio Class	May 18, 2012
Scotia International Equity Blend Class	November 19, 2012
Scotia Private Canadian Equity Class	May 18, 2012
Scotia Private U.S. Dividend Class	May 18, 2012
Scotia Private U.S. Equity Class	May 18, 2012
Scotia Short Term Yield Class	May 18, 2012
Scotia U.S. Equity Blend Class	November 19, 2012

The Funds may offer an unlimited number of units of some or all of the following securities: Series A units, Advisor Series units, Premium Series units, Premium T Series units, Premium TL Series units, Premium TH Series units, Series D units, Series F units, Series I units, Series M units, Series T units, Series TL units and Series TH units. A description of each Series of units is provided below:

- Series A units and Series T units are available to all investors. Series T units are for investors who seek stable monthly distributions.

- Series A, Series T, Series TL and Series TH of any Scotia Aria Portfolios may only be purchased by investors who meet the required minimum, as determined by the Manager from time to time. Series T, series TL and Series TH units are intended for investors seeking stable monthly distributions.
- Advisor Series units are available through authorized dealers and brokers.
- Premium Series, Premium T Series, Premium TL Series and Premium TH Series may only be purchased by investors who meet the required minimum, as determined by the Manager from time to time. Premium T, Premium TL and Premium TH Series units are intended for investors seeking stable monthly distributions.
- Series D units are generally only available to investors who have accounts with discount brokers.
- Series F units must be available for purchase into a fee-based account with authorized brokers or dealers.
- Series I units may only be purchased by eligible institutional investors and other qualified investors as determined by the Manager.
- Series M units may only be purchased by clients of the Manager or Scotiatrust that have entered into a discretionary management agreement.

The Manager has Guidelines for Business Conduct (the “Code”) which applies to all of its employees. The Code is in place to protect the interest of all of the Manager’s clients. The Code provides policies governing the conduct of business including conflicts of interest, privacy issues and confidentiality.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (IASB). The Funds adopted this basis of accounting in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Funds, other than those formed in 2014, prepared their financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Canada Handbook (Canadian GAAP). The Funds have consistently applied the accounting policies used in the preparation of their opening IFRS statements of financial position at January 1, 2013 and throughout all periods presented, as if these policies had always been in effect. The “Fund Specific Notes” include disclosures of the impact of the transition to

IFRS on the Fund's reported financial position, financial performance, including the nature and effect of significant changes in accounting policies from those used in the Funds' financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

(i) Classification of Redeemable Units Issued by the Fund

The Funds' outstanding redeemable units qualify as "puttable instruments" as required by the International Accounting Standard 32: *Financial Instruments: Presentation* ("IAS 32") which states that units or shares of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset should be classified as "puttable instruments" or financial liability. Certain Funds issue different types of units that are equally subordinated but have different features. In addition, the Funds have a contractual obligation to distribute any taxable income annually that allows the unitholders to request cash payment for any distributions or dividends paid. These features violate criteria that are required in order for the redeemable units to be presented as equity under IAS 32. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in these financial statements.

(ii) Financial instrument disclosures

Financial instrument disclosures include a three level fair value hierarchy which provides information about the relative observability of inputs to the fair value measurement of financial assets and liabilities. The levels are defined as follows:

- Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair value is based on inputs other than unadjusted quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

The three level fair value hierarchy, transfers between levels and a reconciliation of level 3 financial instruments are disclosed in the respective Fund's "Fund Specific Notes".

The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

(iii) Financial instruments

The Funds recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. The Funds' investments and derivative assets and liabilities are measured at fair value through profit or loss (FVTPL) including investments in securities which have been designated at FVTPL and derivatives which are classified as held for trading. Purchases and sales of financial assets are recognized at their trade date.

The Funds' obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. These balances are short-term in nature and, therefore, their carrying values approximate fair value.

(iv) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The Funds' accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value for transactions with unitholders in accordance with Part 14 of National Instrument 81-106 *Investment Funds for Continuous Disclosure* ("NI 81-106"), except where the last traded market price for financial assets and liabilities are not within the bid-ask spread as described above. A comparison of the net assets per unit in the Statements of Financial position in accordance to IFRS ("IFRS NAV") and the net assets per unit calculated in accordance to NI 81-106 ("Pricing NAV") are presented in the "Fund Specific Notes" for each Fund.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Funds use a variety of methods and

make assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Funds, including level 3 measurements. The Manager obtains pricing from a third party pricing vendor, which is monitored and reviewed by the valuation team daily. At each financial reporting date, the Manager reviews and approves all level 3 fair value measurements. The Funds also have a Valuation Committee which includes the Chief Financial Officer, members of the finance team, as well as members of the portfolio management and compliance teams. The committee meets quarterly to perform detailed reviews of the valuations of investments held by the Funds.

The fair value of financial assets and liabilities as at the financial reporting period end dates are determined as follows:

- (i) North American equities are valued at the closing market price recorded by the security exchange on which the security is principally traded. Non-North American equities are valued at fair value based on information provided by an independent pricing source.
- (ii) Fixed income securities, including bonds and mortgage-backed securities, are valued using models with inputs including interest rate curves, credit spreads and volatilities.
- (iii) Short-term debt instruments are carried at amortized cost, which approximates fair value.
- (iv) Mortgages held by Scotia Mortgage Income Fund are valued at their fair value using the prevailing rate of return on new mortgages of similar type and term.
- (v) Investments in underlying funds are valued based on the Net Asset Value per unit provided by the underlying fund's manager at the end of each valuation date.
- (vi) Open forward currency contracts are valued at the gain or loss that would arise as a result of closing the position on the valuation date. The unrealized gain or loss, for the period is reflected in the Statements of Comprehensive Income as "Change in unrealized appreciation

(depreciation) of currency forwards". Realized gains or losses on forward currency contracts would arise as a result of the closing of a position on the settlement date. The net realized gain or loss is reported as "Net realized gain (loss) on currency forwards" in the Statements of Comprehensive Income.

- (vii) Unlisted warrants are valued using the Black-Scholes option valuation model. The model factors in the time value of money and the volatility inputs significant to such valuation.
- (viii) Futures contracts are valued at their close prices for financial reporting purposes at the close of business on each valuation date of the reporting period. Any difference between the settlement value at the close of business on the current valuation date and that of the previous valuation date is settled into cash daily and recorded in the Statements of Comprehensive Income as "Net realized gain (loss) on futures contracts" or "Index futures contract income". Amounts receivable (payable) on settlement of futures contracts are reflected in the Statements of Financial Position as "Margin deposited on futures" which includes the any margin cash held in relations to the futures account.

- (ix) Options are valued at their close price as reported by the principal exchange or over-the-counter market on which the contract is traded. Any difference resulting from revaluation at the reporting date is treated as unrealized appreciation (depreciation) of investments.

Premiums paid for purchased call and put options are included as functional options and liabilities for written options purchased in the Statements of Financial Position. When a purchased option expires, the Fund will realize a loss in the amount of the cost of the option. For the closing transaction of the purchased put options, the Fund will realize a gain or loss depending on whether the proceeds are greater or less than the premium paid at the time of purchase. When a purchased call option is exercised, the cost of security purchased is increased by the premium paid at the time of purchase.

Premiums received from writing options are included as a liability for written options in the Statements of Financial Position. When a written option expires unexercised, premiums received from writing options are recorded as income on the Statements of Comprehensive Income. When

a written call option is exercised, the Fund will record a realized loss if the cost of closing the transaction exceeds the premium received; the Fund will record a realized gain if the premium received is greater than the amount paid for closing the transaction. When a written put is exercised, the cost of the security purchased is reduced by the premiums received at the time the option was written.

- (x) Swap contracts are valued at the estimated amount that the Fund would receive or pay to terminate the swap, based on the current value of the underlying interest on the valuation date.

Equity Swaps

An equity swap contract is an agreement between two parties to exchange periodic payments based upon a notional principal amount, with one party paying a fixed or floating amount and the other party paying the actual return of a stock, a basket of stocks or a stock index.

A Fund as a buyer of an equity swap would receive the total return of the underlying stocks or stock index. In return, the Fund would be required to pay to the counterparty a fixed or floating amount on the agreed settlement dates.

Any amount received for equity swaps contracts is included in the Statements of Comprehensive Income in “Net realized gain (loss) on swap contracts”. The change in value of an equity swap contract is included in the Statements of Financial Position in “Unrealized gain (loss) on swap contracts” and in the Statements of Comprehensive Income in “Change in unrealized appreciation (depreciation) of swap contracts”. When the equity swaps contracts are closed out, gains or losses are realized and included in the Statements of Comprehensive Income in “Net realized gain (loss) on swap contracts”.

Interest Rate Swaps

An interest rate swap contract is an agreement between two parties to exchange periodic interest payments based upon a notional principal amount, with one party paying a fixed interest payment and the other party paying a floating interest rate payment based on LIBOR.

The change in value of interest rate swap contracts is included in the Statements of Financial Position in “Unrealized gain (loss) on swap contracts” and in the Statements of Comprehensive Income in “Change in unrealized

appreciation (depreciation) of swap contracts”. When interest rate swap contracts are closed out, the gains or losses are realized and are included in the Statements of Comprehensive Income in “Net realized gain (loss) on swap contracts”.

- (xi) A forward equity accumulator contract (“accumulator”) is an agreement between two parties (a Fund and the counterparty) that requires the counterparty to sell shares of the specified underlying security at a predetermined strike price to the Fund (the buyer). A Fund buys a forward accumulator on the expectation that a certain stock will trade within a specific price range during the term of the contract. This range is bound by the strike price and a maximum price (usually a knock-out that triggers termination if the underlying price goes above this threshold).

The buyer has an obligation to purchase the underlying shares acquired by the counterparty with periodic settlement as specified in the contract. The shares acquired are included in the Statements of Financial Position in “Investments”, and the change in value of the accumulator contract is included in the Statements of Financial Position in “Unrealized gain (loss) on accumulator contracts” and in the Statements of Comprehensive Income in “Change in unrealized appreciation (depreciation) of accumulator contracts”. When a forward equity accumulator contract is closed out, gains or losses are realized and included in the Statements of Comprehensive Income in “Net realized gain (loss) on accumulator contracts”.

- (xii) Gold bullion is carried at FVTPL and based on the quoted price provided by an independent pricing source.
- (xiii) Financial assets and liabilities other than investment securities are valued at cost or amortized cost. These balances are short-term in nature; therefore, their carrying values approximate fair values.

- (v) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. The cost of an investment security (excluding transaction costs), realized gains/losses and unrealized gain/losses is determined on an average cost basis. Transaction costs, such as brokerage commissions incurred in the acquisition or disposal of investment securities are shown as expenses in the Statements of Comprehensive Income.

Dividend income and distributions from underlying funds are recognized on the ex-dividend date. Distributions received from income trusts are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital by applying previous year characterizations reported by the trust as current year characterizations are not available until the following year.

Interest for distribution purposes represents the coupon interest received by the Fund, recognized on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Realized gain or loss on the sale of short-term debt instruments are recorded as an adjustment to interest income.

Income, realized gain (loss) and unrealized gain (loss) are allocated among the Series on a pro rata basis.

(vi) Functional and presentation currency and foreign exchange translation

The functional and presentation currency of the Funds is the Canadian dollar, except for Scotia U.S. \$ Money Market Fund, Scotia U.S. \$ Bond Fund and Scotia U.S. \$ Balanced Fund which is U.S. dollars. Canadian dollars is the currency of primary economic environment in which the Funds operate or where mixed indicators exist in the primary environment, the Canadian dollar is the currency in which they raise capital, except for Scotia U.S. \$ Money Market Fund, Scotia U.S. \$ Bond Fund and Scotia U.S. \$ Balanced Fund which is U.S. dollars.

Any other currency other than functional currency represents foreign currency to the Funds. Amounts denominated in foreign currencies are converted into the functional currency as follows:

- (i) fair value of investments, forward and spot currency contracts and other assets and liabilities at the rates of exchange prevailing as at the valuation date; and
- (ii) purchase and sale of investments and investment income at the rates of exchange prevailing on the respective dates of such transactions.

Foreign exchange gain (loss) on purchases and sales of foreign currencies are included in "Net realized gain (loss) on foreign exchange" in the Statements of Comprehensive Income.

(vii) Increase (decrease) in net assets attributable to holders of redeemable units per unit

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" is disclosed in the Statements of Comprehensive Income and represents, for each Series of units, the increase or decrease in net assets attributable to holders of redeemable units from operations for the period attributable to each Series divided by the weighted average number of units outstanding for the corresponding Series during the period.

(viii) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the Statements of Financial Position only when a Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss. Financial assets and liabilities that are subject to master netting or comparable agreements and the related potential effect of offsetting are disclosed in the respective Fund's "Fund Specific Notes".

(ix) Investments in unconsolidated structured entities

Certain Funds invest in mutual funds and/or exchange-traded funds managed by the Manager or by third party investment managers. The relevant Funds consider all investments in such funds ("Underlying Funds") to be investments in unconsolidated structured entities. These Funds invest in Underlying Funds whose objectives will assist the Funds in achieving their primary objectives and whose investment strategy does not include the use of leverage. The Underlying Funds finance their operations by issuing redeemable units or shares which are puttable at the holder's option, and entitle the holder to a proportional stake in the respective fund's net assets. The Funds hold redeemable shares or units in each of their Underlying Funds.

The change in fair value of each Underlying Fund is included in the Statements of Comprehensive Income in 'Change in unrealized appreciation (depreciation) of non-derivative financial assets'.

The Funds' investments in Underlying Funds are subject to the terms and conditions of the respective Underlying Funds' offering documentation and are

susceptible to market price risk arising from uncertainties about future values of those Underlying Funds. The exposure to investments in Underlying Funds at fair value is disclosed in the Fund's "Fund Specific Notes". These investments are included in non-derivative financial assets in the Statements of Financial Position. The Funds' maximum exposure to loss from their interests in Underlying Funds is equal to the total carrying value of its investments in Underlying Funds.

3. Significant accounting judgments and estimates

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. These estimates are made based on information available as at the date of issuance of the financial statements. Actual results could materially differ from those estimates. The following discusses the most significant accounting judgments and estimates that the Funds have made in preparing the financial statements:

Fair value measurement of derivatives and securities not quoted in an active market

Key areas of estimation, where the Manager has made complex or subjective judgments, include the determination of fair values of financial instruments and derivatives that are not quoted in an active market. The use of valuation techniques for financial instruments and derivatives that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments and derivatives.

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, *Financial Instruments: Recognition and Measurement*. The most significant judgments made include the determination that certain financial instruments are held-for-trading and that the fair value option can be applied to those which are not.

4. Discussion of Financial Instrument Risk

Each Fund's investment activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. Each Fund's investment practices include portfolio

monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on each Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor each Fund's securities and financial market developments. The risks are measured using a method that reflects the expected impact on the results and Net Assets attributable to unitholders of the Funds from reasonably possible changes in the relevant risk variables.

The Manager maintains a risk management practice that includes monitoring compliance with investment restrictions to ensure that the Funds are being managed in accordance with the Funds' stated investment objectives, strategies and securities regulations.

Some Funds invest in underlying funds. These Funds are indirectly exposed to market risk, credit risk, and liquidity risk in the event that the underlying funds invest in financial instruments that are subject to those risks.

A Fund's exposure to market risk, credit risk and liquidity risk, where applicable, is disclosed in the respective Fund's "Fund Specific Notes".

(a) Market risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. Each Fund's exposure to interest rate risk is concentrated in its investments in debt securities (such as bonds and debentures) and interest rate derivative instruments, if any. Short-term investments and other assets and liabilities are short-term in nature and/or non-interest bearing and are not subject to a significant amount of interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(ii) Currency risk

The Funds may invest in monetary and non-monetary assets denominated in currencies other than their functional currency. Currency risk is the risk that the value of foreign investments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency. Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities that are denominated in foreign currencies do not expose the Funds to significant currency risk. Funds may enter into foreign exchange forward contracts or currency futures contracts for hedging purposes to reduce their foreign currency risk exposure.

(iii) Other price risk

Other price risk is the risk that the fair value of a Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities, derivatives and commodities. The maximum risk resulting from these financial instruments is equivalent to their fair value, except for written options and futures contracts sold, where possible losses can be unlimited.

(iv) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. A Fund's investment in debt instruments represents the main concentration of credit risk. The fair value of debt instruments includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure to the Funds. Credit risk may also exist in relation to counterparties to derivatives. All the transactions in listed securities are settled or paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is only made on a purchase once the securities have been received by the broker.

The credit ratings reported for counterparties to debt instruments are Standard & Poor's credit rating or Standard & Poor's equivalent for credit ratings from other approved rating agencies. In addition, custody and derivative transactions are carried out by counterparties that have a Standard & Poor's credit rating of A- or higher.

A Fund may enter into securities lending transactions with counterparties whereby the Fund temporarily exchanges securities for collateral with a commitment by the

counterparty to deliver the same securities on a future date. Credit risk associated with these transactions is considered minimal as all counterparties have approved credit rating and the market value of cash or securities held as collateral must be at least 104% of the fair value of the securities loaned as at the end of each trading day.

(b) Liquidity risk

The Funds' exposure to liquidity risk arises primarily from the daily cash redemption of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed of. In addition, each Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds may, from time to time, enter into over-the-counter derivative contracts or invest in securities that are not traded in an active market and may be illiquid. Illiquid securities are identified in the respective Fund's Schedule of Investment Portfolio.

(c) Concentration risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The identification and disclosure of risks concentration is provided in the respective Fund's "Fund Specific Notes".

5. Management Fees and Sales Charges

Each Fund pays the Manager a management fee, which may vary for each series of units of the Funds. The management fees cover the costs of managing the Funds, arranging for investment analysis, recommendations and investment decision making for the Funds, arranging for distribution of the Funds, marketing and promotion of the Funds and providing or arranging for other services. The Funds' management fees are calculated daily and payable monthly on the first business day of the following calendar month. The Manager is entitled to a maximum annual management fee, exclusive of sales taxes, as follows:

Trust Funds	% of Net Asset Value											
	Series A Units	Series F Units	Series M Units	Series D Units	Advisor Series Units	Premium Series Units	Series T Units	Series TL Units	Series TH Units	Premium T Series Units	Premium TL Series Units	Premium TH Series
Scotia Aria Conservative Build Portfolio	1.50	—	—	—	—	1.40	—	—	—	—	—	—
Scotia Aria Conservative Core Portfolio	1.50	—	—	—	—	1.40	1.50	1.50	1.50	1.40	1.40	1.40
Scotia Aria Conservative Pay Portfolio	1.50	—	—	—	—	1.40	1.50	1.50	1.50	1.40	1.40	1.40
Scotia Aria Moderate Build Portfolio	1.60	—	—	—	—	1.50	—	—	—	—	—	—
Scotia Aria Moderate Core Portfolio	1.60	—	—	—	—	1.50	1.60	1.60	1.60	1.50	1.50	1.50
Scotia Aria Moderate Pay Portfolio	1.60	—	—	—	—	1.50	1.60	1.60	1.60	1.50	1.50	1.50
Scotia Aria Progressive Build Portfolio	1.70	—	—	—	—	1.60	—	—	—	—	—	—
Scotia Aria Progressive Core Portfolio	1.70	—	—	—	—	1.60	1.70	1.70	1.70	1.60	1.60	1.60
Scotia Aria Progressive Pay Portfolio	1.70	—	—	—	—	1.60	1.70	1.70	1.70	1.60	1.60	1.60
Scotia Balanced Opportunities Fund	1.75	0.875	—	1.25	1.95	—	—	—	—	—	—	—
Scotia Bond Fund	1.10	—	—	—	—	—	—	—	—	—	—	—
Scotia Canadian Balanced Fund	1.75	0.875	—	1.25	—	—	—	—	—	—	—	—
Scotia Canadian Blue Chip Fund	1.85	0.925	—	—	—	—	—	—	—	—	—	—
Scotia Canadian Bond Index Fund	0.70	0.350	—	0.50	—	—	—	—	—	—	—	—
Scotia Canadian Dividend Fund	1.50	0.750	0.10	—	1.75	—	—	—	—	—	—	—
Scotia Canadian Growth Fund	1.85	0.925	—	—	1.95	—	—	—	—	—	—	—

% of Net Asset Value

Trust Funds	Series A				Advisor				Premium				Premium T				Premium			
	Units	Series F Units	Series M Units	Series D Units	Series Units	Series Units	Series T Units	Series TL Units	Series TH Units	Series Units	TL Series Units	Premium TH Series	Series Units	TL Series Units	Premium TH Series					
Scotia Canadian Income Fund	1.25	0.625	0.10	—	1.25	—	—	—	—	—	—	—	—	—	—					
Scotia Canadian Index Fund	0.80	0.400	—	0.60	—	—	—	—	—	—	—	—	—	—	—					
Scotia Canadian Small Cap Fund	2.00	1.000	0.10	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia CanAm Index Fund	0.80	0.400	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Conservative Income Fund	1.10	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Diversified Monthly Income Fund	1.25	0.625	—	1.00	1.50	—	—	—	—	—	—	—	—	—	—					
Scotia Dividend Balanced Fund	1.65	—	—	0.90	—	—	—	—	—	—	—	—	—	—	—					
Scotia European Fund	2.00	1.000	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Floating Rate Income Fund	—	—	0.07	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Global Balanced Fund	2.00	—	—	1.25	—	—	—	—	—	—	—	—	—	—	—					
Scotia Global Bond Fund	1.50	0.750	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Global Dividend Fund	2.00	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Global Growth Fund	2.00	1.000	—	—	2.00	—	—	—	—	—	—	—	—	—	—					
Scotia Global Opportunities Fund	2.20	1.200	—	—	2.20	—	—	—	—	—	—	—	—	—	—					
Scotia Global Small Cap Fund	2.35	1.350	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Income Advantage Fund	1.85	—	0.10	1.10	—	—	—	—	—	—	—	—	—	—	—					
Scotia INNOVA Balanced Growth Portfolio	1.80	—	—	—	—	—	1.80	—	—	—	—	—	—	—	—					
Scotia INNOVA Balanced Income Portfolio	1.70	—	—	—	—	—	1.70	—	—	—	—	—	—	—	—					
Scotia INNOVA Growth Portfolio	1.90	—	—	—	—	—	1.90	—	—	—	—	—	—	—	—					
Scotia INNOVA Income Portfolio	1.60	—	—	—	—	—	1.60	—	—	—	—	—	—	—	—					
Scotia INNOVA Maximum Growth Portfolio	2.00	—	—	—	—	—	2.00	—	—	—	—	—	—	—	—					
Scotia International Index Fund	0.80	0.400	—	0.60	—	—	—	—	—	—	—	—	—	—	—					
Scotia International Value Fund	2.15	1.150	—	—	2.15	—	—	—	—	—	—	—	—	—	—					
Scotia Latin American Fund	2.50	1.250	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Money Market Fund	1.00	—	0.10	—	1.00	0.30	—	—	—	—	—	—	—	—	—					
Scotia Mortgage Income Fund	1.25	0.625	0.07	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Nasdaq Index Fund	0.80	0.400	—	0.60	—	—	—	—	—	—	—	—	—	—	—					
Scotia Pacific Rim Fund	2.00	1.000	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Partners Balanced Growth Portfolio	2.00	1.000	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Partners Balanced Income Portfolio	1.85	0.850	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Partners Growth Portfolio	2.15	1.150	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Partners Income Portfolio	1.80	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Partners Maximum Growth Portfolio	2.35	1.350	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Premium T-Bill Fund	0.50	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Private Canadian Corporate Bond Pool	—	—	0.10	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Private Canadian Equity Pool	—	—	0.10	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Private Canadian Preferred Share Pool	—	—	0.30	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Private International Core Equity Pool	—	—	0.30	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Private North American Dividend Pool	—	—	0.10	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Private Real Estate Income Pool	—	—	0.30	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Private Short-Mid Government Bond Pool	—	—	0.10	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Private U.S. Dividend Pool	—	—	0.30	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Private U.S. Equity Pool	—	—	0.10	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Resource Fund	2.00	1.000	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Selected Balanced Growth Portfolio	1.75	0.750	—	—	1.95	—	—	—	—	—	—	—	—	—	—					
Scotia Selected Balanced Income Portfolio	1.60	0.600	—	—	1.80	—	—	—	—	—	—	—	—	—	—					
Scotia Selected Growth Portfolio	1.90	0.900	—	—	2.10	—	—	—	—	—	—	—	—	—	—					
Scotia Selected Income Portfolio	1.55	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia Selected Maximum Growth Portfolio	2.10	1.100	—	—	2.20	—	—	—	—	—	—	—	—	—	—					
Scotia Short Term Bond Fund	—	—	0.10	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia T-Bill Fund	1.00	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia U.S. \$ Balanced Fund	1.85	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia U.S. \$ Bond Fund	1.50	0.750	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia U.S. \$ Money Market Fund	1.00	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia U.S. Blue Chip Fund	2.00	1.000	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia U.S. Dividend Fund	1.85	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Scotia U.S. Index Fund	0.80	0.400	—	0.60	—	—	—	—	—	—	—	—	—	—	—					
Scotia U.S. Opportunities Fund	2.00	1.000	—	—	—	—	—	—	—	—	—	—	—	—	—					

Corporate Classes

Scotia Canadian Corporate Bond Capital Yield Class	—	—	0.50	—	—	—	—	—	—	—	—	—
Scotia Canadian Dividend Class	1.50	—	0.50	—	—	—	—	—	—	—	—	—
Scotia Canadian Equity Blend Class	1.85	—	—	—	—	—	—	—	—	—	—	—
Scotia Conservative Government Bond Capital Yield Class	1.10	—	0.50	—	—	—	—	—	—	—	—	—
Scotia Fixed Income Blend Class	1.25	—	—	—	—	—	—	—	—	—	—	—
Scotia Global Dividend Class	2.00	—	—	—	—	—	—	—	—	—	—	—
Scotia INNOVA Balanced Growth Portfolio Class	1.80	—	—	—	—	—	1.80	—	—	—	—	—
Scotia INNOVA Balanced Income Portfolio Class	1.70	—	—	—	—	—	1.70	—	—	—	—	—
Scotia INNOVA Growth Portfolio Class	1.90	—	—	—	—	—	1.90	—	—	—	—	—
Scotia INNOVA Income Portfolio Class	1.60	—	—	—	—	—	—	—	—	—	—	—
Scotia INNOVA Maximum Growth Portfolio Class	2.00	—	—	—	—	—	2.00	—	—	—	—	—
Scotia International Equity Blend Class	2.00	—	—	—	—	—	—	—	—	—	—	—
Scotia Private Canadian Equity Class	—	—	0.50	—	—	—	—	—	—	—	—	—
Scotia Private U.S. Dividend Class	—	—	0.50	—	—	—	—	—	—	—	—	—

Trust Funds	% of Net Asset Value											
	Series A Units	Series F Units	Series M Units	Series D Units	Advisor Series Units	Premium Series Units	Series T Units	Series TL Units	Series TH Units	Premium T Series Units	Premium TL Series Units	Premium TH Series
Scotia Private U.S. Equity Class	—	—	0.50	—	—	—	—	—	—	—	—	—
Scotia Short Term Yield Class	—	—	0.50	—	—	—	—	—	—	—	—	—
Scotia U.S. Equity Blend Class	1.95	—	—	—	—	—	—	—	—	—	—	—

Management fees disclosed for the Scotia Portfolios are inclusive of the management fees charged to Underlying Funds. There is no duplication of fees. Management fees are not charged on Series I units. Instead, investors may negotiate a separate fee that is paid directly to the Manager.

Scotia Premium T-Bill Fund pays a rebate, called a management fee distribution, of 0.20% when the value of the Fund held within an investor's account is \$250,000 to \$1,000,000. It pays a management fee distribution of 0.35% when the value of the Fund held within an account is greater than \$1,000,000.

As money market yields have remained low during the period, the Manager has opted to waive a portion of the management fees for Scotia T-Bill Fund, Scotia Premium T-Bill Fund, Scotia Money Market Fund and Scotia U.S. \$ Money Market Fund that otherwise would have been charged. Waived fees are included in absorbed expenses. The Manager may discontinue waiving fees and expenses at any time, without notice.

Investors who choose to buy Advisor Series units under the front-end sales charge option may have to pay a sales charge that may range from 0% to 6% of the amount invested. The amount of the sales charge is negotiated between the investor and his or her dealer. The sales charge will be deducted from the amount invested and paid to the dealer as a commission. There are no sales charges associated with the purchase of Series A, Premium Series, Series F, Series T or Series M units.

6. Fixed Administration Fees

Effective August 22, 2014, the Manager began paying certain operating expenses of the Funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, transfer agency and recordkeeping, accounting and fund valuation costs, custody fees, audit and legal fees, administration costs, bank charges, costs of preparing and distributing annual and semi-annual reports, prospectuses, annual information forms, Fund Facts and statements, investor communications and continuous disclosure materials. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees. In return, each Series of the Funds pays a fixed administration fee to the Manager (the "Fixed Administration fee"). Up to December 31, 2016, the Fixed

Administration Fee payable by each Series of the Funds is subject to a transitional adjustment payment, details of which are presented in the Fund's simplified prospectus. The Fixed Administration Fee is calculated and accrued daily and paid monthly.

Prior to August 22, 2014, the Funds were responsible for operating expenses relating to the carrying on of their business. Each Series of the Funds were allocated its own expenses and its proportionate share of the Fund's expenses that are common to all Series. Operating expenses may include legal fees and other costs incurred in order to comply with legal and regulatory requirements and policies, audit fees, custodial fees, taxes, unitholder communication costs, IRC fees and other administration costs. Examples of other administrative costs include departmental expenses incurred and paid by the Manager which support the daily operation of the Funds.

In addition to the Fixed Administration Fee, each Series of the Funds pays certain operating expenses directly ("Other Fund Costs"). These include the costs and expenses related to the Independent Review Committee ("IRC") of the Funds, costs associated with the conversion to IFRS and the ongoing audit costs associated with compliance with IFRS, any new fees introduced by a securities regulator or other government authority that is based on the assets or other criteria of the Funds, any transaction costs, including all fees and costs related to derivatives, and any borrowing costs, and taxes (including, but not limited to, GST or HST, as applicable). Refer to the simplified prospectus of the Funds for more details on Other Fund Costs. Other Fund Costs will be allocated among the Funds and each Series of the Funds is allocated its own expenses and its proportionate share of these expenses that are common to all Series.

The Fixed Administration Fee does not apply to Scotia T-Bill Fund, Scotia Premium T-Bill Fund, Scotia Money Market Fund, Scotia U.S. \$ Money Market Fund, Advisor Series units of the Funds and Series F units of Scotia Canadian Blue Chip Fund and Scotia Global Growth Fund. These respective Funds and Series pay their share of all expense common to the Funds along with Series specific expenses relevant to each Series.

The Corporate Classes have been paying the Manager, Fixed Administration Fees for the current year and the comparative periods of these financial statements, and

therefore, the transition described above relates specifically to the relevant Trust Funds.

The Manager may, in some years and in certain cases, pay a portion of a Series' Fixed Administration Fee or Other Fund Costs. The Fixed Administration Fee and Other Fund Costs

are included in the management expense ratio of each Series of a Fund.

The Administration Fee is calculated and accrued daily and paid monthly. The maximum annual rates of the administration fee, which are a percentage of the net asset value for each series of units of each Fund, are as follows:

Trust Funds	Advisor					Premium					Premium		
	Series A Units	Series Units	Series F Units	Series I Units	Series M Units	Series D Units	Series Units	Series T Units	Series TL Units	Series TH Units	Series T Units	Series TL Units	Series TH Units
Scotia Aria Conservative Build Portfolio	0.10	—	—	—	—	—	0.10	—	—	—	—	—	—
Scotia Aria Conservative Core Portfolio	0.10	—	—	—	—	—	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Scotia Aria Conservative Pay Portfolio	0.10	—	—	—	—	—	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Scotia Aria Moderate Build Portfolio	0.10	—	—	—	—	—	0.10	—	—	—	—	—	—
Scotia Aria Moderate Core Portfolio	0.10	—	—	—	—	—	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Scotia Aria Moderate Pay Portfolio	0.10	—	—	—	—	—	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Scotia Aria Progressive Build Portfolio	0.10	—	—	—	—	—	0.10	—	—	—	—	—	—
Scotia Aria Progressive Core Portfolio	0.10	—	—	—	—	—	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Scotia Aria Progressive Pay Portfolio	0.10	—	—	—	—	—	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Scotia Balanced Opportunities Fund	0.11	—	0.15	—	—	0.11	—	—	—	—	—	—	—
Scotia Bond Fund	0.07	—	—	0.02	—	—	—	—	—	—	—	—	—
Scotia Canadian Balanced Fund	0.09	—	0.15	—	—	0.09	—	—	—	—	—	—	—
Scotia Canadian Blue Chip Fund	0.11	—	—	0.06	—	—	—	—	—	—	—	—	—
Scotia Canadian Bond Index Fund	0.06	—	0.10	0.03	—	0.06	—	—	—	—	—	—	—
Scotia Canadian Dividend Fund	0.06	—	0.09	0.02	0.02	—	—	—	—	—	—	—	—
Scotia Canadian Growth Fund	0.13	—	0.20	0.04	—	—	—	—	—	—	—	—	—
Scotia Canadian Income Fund	0.07	—	0.10	0.02	0.02	—	—	—	—	—	—	—	—
Scotia Canadian Index Fund	0.10	—	0.20	0.06	—	0.10	—	—	—	—	—	—	—
Scotia Canadian Small Cap Fund	0.26	—	0.40	0.10	0.23	—	—	—	—	—	—	—	—
Scotia CanAm Index Fund	0.22	—	0.25	—	—	—	—	—	—	—	—	—	—
Scotia Conservative Income Fund	0.10	—	—	—	—	—	—	—	—	—	—	—	—
Scotia Diversified Monthly Income Fund	0.06	—	0.15	—	—	0.06	—	—	—	—	—	—	—
Scotia Dividend Balanced Fund	0.08	—	—	0.05	—	0.08	—	—	—	—	—	—	—
Scotia European Fund	0.40	—	0.40	0.10	—	—	—	—	—	—	—	—	—
Scotia Floating Rate Income Fund	—	—	—	0.03	0.05	—	—	—	—	—	—	—	—
Scotia Global Balanced Fund	0.15	—	—	0.05	—	0.15	—	—	—	—	—	—	—
Scotia Global Bond Fund	0.30	—	0.30	0.07	—	—	—	—	—	—	—	—	—
Scotia Global Dividend Fund	0.12	—	—	0.05	—	—	—	—	—	—	—	—	—
Scotia Global Growth Fund	0.25	—	—	0.04	—	—	—	—	—	—	—	—	—
Scotia Global Opportunities Fund	0.37	—	0.40	0.06	—	—	—	—	—	—	—	—	—
Scotia Global Small Cap Fund	0.17	—	0.40	0.09	—	—	—	—	—	—	—	—	—
Scotia Income Advantage Fund	0.07	—	—	—	0.04	0.07	—	—	—	—	—	—	—
Scotia INNOVA Balanced Growth Portfolio	0.03	—	—	—	—	—	—	0.03	—	—	—	—	—
Scotia INNOVA Balanced Income Portfolio	0.03	—	—	—	—	—	—	0.03	—	—	—	—	—
Scotia INNOVA Growth Portfolio	0.03	—	—	—	—	—	—	—	—	—	—	—	—
Scotia INNOVA Income Portfolio	0.03	—	—	—	—	—	—	0.03	—	—	—	—	—
Scotia INNOVA Maximum Growth Portfolio	0.04	—	—	—	—	—	—	—	—	—	—	—	—
Scotia International Index Fund	0.32	—	0.35	0.09	—	0.32	—	—	—	—	—	—	—
Scotia International Value Fund	0.35	—	0.35	0.07	—	—	—	—	—	—	—	—	—
Scotia Latin American Fund	0.33	—	0.40	0.10	—	—	—	—	—	—	—	—	—
Scotia Money Market Fund	—	—	—	—	—	—	—	—	—	—	—	—	—
Scotia Mortgage Income Fund	0.42	—	0.42	0.34	0.46	—	—	—	—	—	—	—	—
Scotia Nasdaq Index Fund	0.23	—	0.31	—	—	0.23	—	—	—	—	—	—	—
Scotia Pacific Rim Fund	0.40	—	0.40	0.10	—	—	—	—	—	—	—	—	—
Scotia Partners Balanced Growth Portfolio	0.04	—	0.15	—	—	—	—	—	—	—	—	—	—
Scotia Partners Balanced Income Portfolio	0.05	—	0.15	—	—	—	—	—	—	—	—	—	—
Scotia Partners Growth Portfolio	0.04	—	0.15	—	—	—	—	—	—	—	—	—	—
Scotia Partners Income Portfolio	0.05	—	—	—	—	—	—	—	—	—	—	—	—
Scotia Partners Maximum Growth Portfolio	0.05	—	0.15	—	—	—	—	—	—	—	—	—	—
Scotia Premium T-Bill Fund	—	—	—	—	—	—	—	—	—	—	—	—	—
Scotia Private Canadian Corporate Bond Pool	—	—	—	0.02	0.02	—	—	—	—	—	—	—	—
Scotia Private Canadian Equity Pool	—	—	—	0.02	0.02	—	—	—	—	—	—	—	—
Scotia Private Canadian Preferred Share Pool	—	—	—	0.02	0.03	—	—	—	—	—	—	—	—
Scotia Private International Core Equity Pool	—	—	—	0.09	0.18	—	—	—	—	—	—	—	—
Scotia Private North American Dividend Pool	—	—	—	—	0.05	—	—	—	—	—	—	—	—
Scotia Private Real Estate Income Pool	—	—	—	0.10	0.06	—	—	—	—	—	—	—	—
Scotia Private Short-Mid Government Bond Pool	—	—	—	0.02	0.02	—	—	—	—	—	—	—	—
Scotia Private U.S. Dividend Pool	—	—	—	0.04	0.02	—	—	—	—	—	—	—	—
Scotia Private U.S. Equity Pool	—	—	—	0.02	0.02	—	—	—	—	—	—	—	—
Scotia Resource Fund	0.16	—	0.40	0.10	—	—	—	—	—	—	—	—	—
Scotia Selected Balanced Growth Portfolio	0.05	—	0.15	—	—	—	—	—	—	—	—	—	—
Scotia Selected Balanced Income Portfolio	0.05	—	0.15	—	—	—	—	—	—	—	—	—	—

Trust Funds	Advisor					Premium					Premium		
	Series A Units	Series Units	Series F Units	Series I Units	Series M Units	Series D Units	Series Units	Series T Units	Series TL Units	Series TH Units	Series T Units	Series TL Units	Series TH Units
Scotia Selected Growth Portfolio	0.05	—	0.04	—	—	—	—	—	—	—	—	—	—
Scotia Selected Income Portfolio	0.15	—	—	—	—	—	—	—	—	—	—	—	—
Scotia Selected Maximum Growth Portfolio	0.07	—	0.15	—	—	—	—	—	—	—	—	—	—
Scotia Short Term Bond Fund	—	—	—	0.03	0.03	—	—	—	—	—	—	—	—
Scotia T-Bill Fund	—	—	—	—	—	—	—	—	—	—	—	—	—
Scotia U.S. \$ Balanced Fund	0.09	—	—	—	—	—	—	—	—	—	—	—	—
Scotia U.S. \$ Bond Fund	0.06	—	0.10	—	—	—	—	—	—	—	—	—	—
Scotia U.S. \$ Money Market Fund	—	—	—	—	—	—	—	—	—	—	—	—	—
Scotia U.S. Blue Chip Fund	0.25	—	0.25	0.07	—	—	—	—	—	—	—	—	—
Scotia U.S. Dividend Fund	0.24	—	—	0.03	—	—	—	—	—	—	—	—	—
Scotia U.S. Index Fund	0.17	—	0.25	0.07	—	0.17	—	—	—	—	—	—	—
Scotia U.S. Opportunities Fund	0.37	—	0.40	0.10	—	—	—	—	—	—	—	—	—
Corporate Classes													
Scotia Canadian Corporate Bond Capital Yield Class	—	—	—	—	0.08	—	—	—	—	—	—	—	—
Scotia Canadian Dividend Class	0.10	—	—	—	0.08	—	—	—	—	—	—	—	—
Scotia Canadian Equity Blend Class	0.15	—	—	—	—	—	—	—	—	—	—	—	—
Scotia Conservative Government Bond Capital Yield Class	0.10	—	—	—	0.05	—	—	—	—	—	—	—	—
Scotia Fixed Income Blend Class	0.10	—	—	—	—	—	—	—	—	—	—	—	—
Scotia Global Dividend Class	0.30	—	—	—	—	—	—	—	—	—	—	—	—
Scotia INNOVA Balanced Growth Portfolio Class	0.10	—	—	—	—	—	—	0.10	—	—	—	—	—
Scotia INNOVA Balanced Income Portfolio Class	0.10	—	—	—	—	—	—	0.10	—	—	—	—	—
Scotia INNOVA Growth Portfolio Class	0.10	—	—	—	—	—	—	0.10	—	—	—	—	—
Scotia INNOVA Income Portfolio Class	0.10	—	—	—	—	—	—	—	—	—	—	—	—
Scotia INNOVA Maximum Growth Portfolio Class	0.10	—	—	—	—	—	—	0.10	—	—	—	—	—
Scotia International Equity Blend Class	0.30	—	—	—	—	—	—	—	—	—	—	—	—
Scotia Private Canadian Equity Class	—	—	—	—	0.10	—	—	—	—	—	—	—	—
Scotia Private U.S. Dividend Class	—	—	—	—	0.15	—	—	—	—	—	—	—	—
Scotia Private U.S. Equity Class	—	—	—	—	0.15	—	—	—	—	—	—	—	—
Scotia Short Term Yield Class	—	—	—	—	0.05	—	—	—	—	—	—	—	—
Scotia U.S. Equity Blend Class	0.20	—	—	—	—	—	—	—	—	—	—	—	—

Administration service expense paid to the Manager as of for the year ended December 31, 2014, and 2013 are presented below:

	2014	2013
Scotia Balanced Opportunities Fund	45,290	66,786
Scotia Bond Fund	19,572	35,859
Scotia Canadian Balanced Fund	133,385	227,558
Scotia Canadian Blue Chip Fund	15,529	25,793
Scotia Canadian Bond Index Fund	21,972	53,089
Scotia Canadian Dividend Fund	354,380	527,305
Scotia Canadian Growth Fund	23,962	38,920
Scotia Canadian Income Fund	324,286	612,479
Scotia Canadian Index Fund	15,542	26,193
Scotia Canadian Small Cap Fund	3,723	6,360
Scotia CanAm Index Fund	5,378	7,978
Scotia Conservative Income Fund	119	—
Scotia Diversified Monthly Income Fund	153,362	253,691
Scotia Dividend Balanced Fund	15,697	16,508
Scotia European Fund	1,697	2,450
Scotia Floating Rate Income Fund	23,327	—
Scotia Global Balanced Fund	3,427	3,913
Scotia Global Bond Fund	1,151	2,681
Scotia Global Dividend Fund	19,806	21,650
Scotia Global Growth Fund	22,393	32,381
Scotia Global Opportunities Fund	4,745	7,373
Scotia Global Small Cap Fund	3,233	5,240
Scotia Income Advantage Fund	11,953	16,710
Scotia INNOVA Balanced Growth Portfolio	126,462	162,980
Scotia INNOVA Balanced Income Portfolio	109,742	150,969
Scotia INNOVA Growth Portfolio	61,297	73,895
Scotia INNOVA Income Portfolio	95,978	173,226
Scotia INNOVA Maximum Growth Portfolio	15,627	17,269
Scotia International Index Fund	1,870	3,390
Scotia International Value Fund	5,861	9,489

	2014	2013
Scotia Latin American Fund	2,888	5,421
Scotia Money Market Fund	164,154	170,267
Scotia Mortgage Income Fund	16,366	30,746
Scotia Nasdaq Index Fund	2,130	2,618
Scotia Pacific Rim Fund	1,446	2,485
Scotia Partners Balanced Growth Portfolio	118,936	175,243
Scotia Partners Balanced Income Portfolio	44,564	60,626
Scotia Partners Growth Portfolio	145,145	206,325
Scotia Partners Income Portfolio	31,982	49,713
Scotia Partners Maximum Growth Portfolio	34,507	47,801
Scotia Premium T-Bill Fund	22,145	29,792
Scotia Private Canadian Corporate Bond Pool	185,395	313,690
Scotia Private Canadian Equity Pool	44,969	68,243
Scotia Private Canadian Preferred Share Pool	19,290	34,122
Scotia Private International Core Equity Pool	2,919	4,127
Scotia Private North American Dividend Pool	3,782	6,541
Scotia Private Real Estate Income Pool	7,659	8,283
Scotia Private Short-Mid Government Bond Pool	71,099	129,598
Scotia Private U.S. Dividend Pool	46,027	54,487
Scotia Private U.S. Equity Pool	19,122	44,078
Scotia Resource Fund	8,107	12,713
Scotia Selected Balanced Growth Portfolio	69,574	107,507
Scotia Selected Balanced Income Portfolio	39,495	55,195
Scotia Selected Growth Portfolio	46,425	68,480
Scotia Selected Income Portfolio	2,643	2,377
Scotia Selected Maximum Growth Portfolio	10,669	15,018
Scotia Short Term Bond Fund	8,750	20,145
Scotia T-Bill Fund	8,170	9,635
Scotia U.S. \$ Balanced Fund	4,483	4,446
Scotia U.S. \$ Bond Fund	5,228	13,749
Scotia U.S. \$ Money Market Fund	6,187	7,529
Scotia U.S. Blue Chip Fund	2,818	3,909
Scotia U.S. Dividend Fund	8,134	11,331
Scotia U.S. Index Fund	5,549	7,684
Scotia U.S. Opportunities Fund	1,714	2,566

7. Redeemable Units

Units issued and outstanding represent the capital of each Fund. Each of the Funds may issue an unlimited number of units. Each unit is redeemable at the option of the unitholder in accordance with the Declaration of Trust or articles of incorporation, ranks pari passu with all other units of the Funds and entitles the unitholder to a proportionate undivided interest in the Net Asset Value of the Funds. Unitholders are entitled to distributions when declared. Distributions on units of a Fund are reinvested in additional units of the Fund or at the option of the unitholder, paid in cash. The Funds' capital is managed in accordance with each of the Funds' investment objectives, policies and restrictions, as outlined in the Funds' prospectus. The Funds have no

specific restrictions or specific capital requirements on the subscriptions or redemptions of units, other than minimum subscription requirements.

The units of each Series of the Funds are issued and redeemed at their NAV per unit of each Series which is determined as of the close of business on each day that the Toronto Stock Exchange is open for trading. The NAV per unit is calculated by dividing the Net Assets per Series by the total number of outstanding units of each Series.

For the periods ended December 31, 2014 and 2013, the following numbers of units were issued, reinvested and redeemed:

Trust Funds	December 2014					December 2013				
	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units
Scotia Aria Conservative Build Portfolio										
Premium Series Units	–	64,133	968	–	65,101	–	–	–	–	–
Series A Units	–	94,018	1,343	–	95,361	–	–	–	–	–
Scotia Aria Conservative Core Portfolio										
Premium Series Units	–	217,865	1,467	–	219,332	–	–	–	–	–
Series A Units	–	259,335	1,669	–	261,004	–	–	–	–	–
Series T Units	–	7,408	3	–	7,411	–	–	–	–	–
Series TL Units	–	333	2	–	335	–	–	–	–	–
Series TH Units	–	8,242	4	–	8,246	–	–	–	–	–
Premium Series TL Units	–	12,658	85	–	12,743	–	–	–	–	–
Premium Series T Units	–	14,991	3	–	14,994	–	–	–	–	–
Premium Series TH Units	–	333	3	–	336	–	–	–	–	–
Scotia Aria Conservative Pay Portfolio										
Premium Series Units	–	89,500	1,453	–	90,953	–	–	–	–	–
Series A Units	–	229,219	2,970	–	232,189	–	–	–	–	–
Series T Units	–	28,870	197	–	29,067	–	–	–	–	–
Series TL Units	–	333	4	–	337	–	–	–	–	–
Series TH Units	–	3,719	7	–	3,726	–	–	–	–	–
Premium Series TL Units	–	33,992	535	–	34,527	–	–	–	–	–
Premium Series T Units	–	6,651	6	–	6,657	–	–	–	–	–
Premium Series TH Units	–	40,531	7	–	40,538	–	–	–	–	–
Scotia Aria Moderate Build Portfolio										
Premium Series Units	–	70,903	1,279	–	72,182	–	–	–	–	–
Series A Units	–	176,296	2,990	–	179,286	–	–	–	–	–
Scotia Aria Moderate Core Portfolio										
Premium Series Units	–	307,817	3,631	–	311,448	–	–	–	–	–
Series A Units	–	512,672	6,071	–	518,743	–	–	–	–	–
Series T Units	–	13,044	102	–	13,146	–	–	–	–	–
Series TL Units	–	3,358	4	–	3,362	–	–	–	–	–
Series TH Units	–	19,391	146	–	19,537	–	–	–	–	–
Premium Series TL Units	–	333	4	–	337	–	–	–	–	–
Premium Series T Units	–	333	4	–	337	–	–	–	–	–
Premium Series TH Units	–	63,988	6	–	63,994	–	–	–	–	–
Scotia Aria Moderate Pay Portfolio										
Premium Series Units	–	101,490	2,118	–	103,608	–	–	–	–	–
Series A Units	–	280,182	5,928	–	286,110	–	–	–	–	–
Series T Units	–	24,587	224	–	24,811	–	–	–	–	–
Series TL Units	–	7,421	8	–	7,429	–	–	–	–	–
Series TH Units	–	17,042	9	–	17,051	–	–	–	–	–
Premium Series TL Units	–	333	7	–	340	–	–	–	–	–
Premium Series T Units	–	34,359	8	–	34,367	–	–	–	–	–
Premium Series TH Units	–	123,142	741	–	123,883	–	–	–	–	–
Scotia Aria Progressive Build Portfolio										
Premium Series Units	–	160,310	3,738	–	164,048	–	–	–	–	–
Series A Units	–	265,014	6,148	–	271,162	–	–	–	–	–

Trust Funds	December 2014					December 2013				
	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units
Scotia Aria Progressive Core Portfolio										
Premium Series Units	—	260,559	4,069	—	264,628	—	—	—	—	—
Series A Units	—	429,014	6,718	—	435,732	—	—	—	—	—
Series T Units	—	333	5	—	338	—	—	—	—	—
Series TL Units	—	333	5	—	338	—	—	—	—	—
Series TH Units	—	333	6	—	339	—	—	—	—	—
Premium Series TL Units	—	333	5	—	338	—	—	—	—	—
Premium Series T Units	—	333	5	—	338	—	—	—	—	—
Premium Series TH Units	—	23,666	6	—	23,672	—	—	—	—	—
Scotia Aria Progressive Pay Portfolio										
Premium Series Units	—	25,367	685	—	26,052	—	—	—	—	—
Series A Units	—	51,507	1,370	—	52,877	—	—	—	—	—
Series T Units	—	333	9	—	342	—	—	—	—	—
Series TL Units	—	366	10	—	376	—	—	—	—	—
Series TH Units	—	10,390	11	—	10,401	—	—	—	—	—
Premium Series TL Units	—	333	9	—	342	—	—	—	—	—
Premium Series T Units	—	333	9	—	342	—	—	—	—	—
Premium Series TH Units	—	10,333	9	—	10,342	—	—	—	—	—
Scotia Balanced Opportunities Fund										
Series A Units	36,231,919	7,288,434	3,577,529	5,421,132	41,676,750	32,915,045	6,453,733	1,862,267	4,999,126	36,231,919
Series F Units	829	5,887	377	3,159	3,934	1,560	169	49	949	829
Advisor Series Units	152,004	14,343	10,010	37,984	138,373	101,272	67,769	6,631	23,668	152,004
Series D Units	—	—	—	—	—	—	—	—	—	—
Scotia Bond Fund										
Series A Units	12,368,462	955,074	271,315	4,976,906	8,617,945	18,425,540	2,628,180	428,332	9,113,590	12,368,462
Series I Units	22,522,283	1,957,467	705,529	25,185,279	—	16,083,470	5,645,709	793,589	485	22,522,283
Scotia Canadian Balanced Fund										
Series A Units	101,700,601	8,709,279	754,703	17,210,352	93,954,231	114,491,245	9,700,694	1,562,226	24,053,564	101,700,601
Series F Units	4,950	1,130	68	1,426	4,722	3,577	2,061	94	782	4,950
Series D Units	—	357	—	—	357	—	—	—	—	—
Scotia Canadian Blue Chip Fund										
Series A Units	9,263,908	318,080	497,894	1,197,955	8,881,927	10,338,088	323,118	141,587	1,538,885	9,263,908
Series F Units	130	1,023	59	289	923	129	5,820	1	5,820	130
Series I Units	4,046	6,302	590	3,195	7,743	300,588	2,849	36	299,427	4,046
Scotia Canadian Bond Index Fund										
Series A Units	38,218,227	2,336,200	862,062	12,412,068	29,004,421	52,793,568	5,567,872	1,301,951	21,445,164	38,218,227
Series F Units	2,598	—	27	2,246	379	9,005	2,201	46	8,654	2,598
Series I Units	—	—	—	—	—	3,028,298	15,578	74,901	3,118,777	—
Series D Units	—	—	—	—	—	—	—	—	—	—
Scotia Canadian Dividend Fund										
Series A Units	70,608,111	9,837,133	1,172,343	9,820,940	71,796,647	70,105,814	9,922,128	722,192	10,142,023	70,608,111
Series F Units	234,359	105,342	5,909	39,759	305,851	251,706	50,327	3,648	71,322	234,359
Series I Units	40,193,453	7,206,642	1,451,501	4,030,882	44,820,714	31,668,083	9,429,339	1,016,184	1,920,153	40,193,453
Series M Units	17,913,683	8,932,643	590,933	4,571,377	22,865,882	12,155,549	8,957,941	328,742	3,528,549	17,913,683
Advisor Series Units	856,534	170,028	10,652	193,552	843,662	875,361	101,221	5,886	125,934	856,534
Scotia Canadian Growth Fund										
Series A Units	5,565,002	226,294	103,290	836,840	5,057,746	6,304,939	238,419	—	978,356	5,565,002
Series F Units	1,168	1,847	35	86	2,964	370	798	—	—	1,168
Series I Units	783,397	53,542	11,903	265,974	582,868	831,130	55,913	—	103,646	783,397
Advisor Series Units	5,276	7	67	748	4,602	6,251	52	—	1,027	5,276
Scotia Canadian Income Fund										
Series A Units	96,998,401	5,015,447	1,623,175	29,041,271	74,595,752	121,198,425	14,056,987	2,947,330	41,204,341	96,998,401
Series F Units	61,709	12,628	351	56,186	18,502	178,593	10,262	4,136	131,282	61,709
Series I Units	328,366,168	52,024,002	10,642,629	92,088,038	298,944,761	261,105,204	74,207,854	12,844,974	19,791,864	328,366,168
Series M Units	45,796,477	22,540,696	1,441,105	13,551,033	56,227,245	43,876,719	21,485,154	1,754,739	21,320,135	45,796,477
Advisor Series Units	664,099	5,083	4,222	215,193	458,211	1,808,368	26,963	17,933	1,189,165	664,099
Scotia Canadian Index Fund										
Series A Units	10,734,976	1,160,415	151,662	1,873,372	10,173,681	11,499,076	1,247,628	208,501	2,220,229	10,734,976
Series F Units	8,920	6,743	161	6,280	9,544	5,601	3,105	214	—	8,920
Series I Units	—	—	—	—	—	949,338	70	—	949,408	—
Series D Units	—	120	—	—	120	—	—	—	—	—

Trust Funds	December 2014					December 2013				
	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units
Scotia Canadian Small Cap Fund										
Series A Units	1,975,598	114,810	—	355,443	1,734,965	2,311,038	96,568	—	432,008	1,975,598
Series F Units	—	24	—	—	24	—	—	—	—	—
Series I Units	—	—	—	—	—	493,230	432	—	493,662	—
Series M Units	365,738	219,738	—	148,264	437,212	389,259	112,623	—	136,144	365,738
Scotia CanAm Index Fund										
Series A Units	6,312,982	590,686	61,233	974,006	5,990,895	6,712,068	559,276	—	958,362	6,312,982
Series F Units	—	18,028	—	15,953	2,075	—	—	—	—	—
Scotia Conservative Income Fund										
Series A Units	—	553,757	5,999	15,200	544,556	—	—	—	—	—
Scotia Diversified Monthly Income Fund										
Series A Units	249,028,827	40,461,478	7,728,344	45,153,935	252,064,714	238,857,780	50,766,930	8,078,172	48,674,055	249,028,827
Series F Units	74,094	28,373	2,071	15,634	88,904	82,086	10,448	1,495	19,935	74,094
Advisor Series Units	876,043	73,913	11,508	490,317	471,147	411,343	614,841	12,274	162,415	876,043
Series D Units	—	—	—	—	—	—	—	—	—	—
Scotia Dividend Balanced Fund										
Series A Units	17,542,080	11,816,823	2,725,330	3,481,330	28,602,903	9,369,785	9,041,227	958,339	1,827,271	17,542,080
Series D Units	—	—	—	—	—	—	—	—	—	—
Scotia European Fund										
Series A Units	1,728,566	348,308	26,983	510,888	1,592,969	1,766,019	283,976	—	321,429	1,728,566
Series F Units	—	182	4	73	113	—	—	—	—	—
Series I Units	—	—	—	—	—	45,710	—	—	45,710	—
Scotia Floating Rate Income Fund										
Series I Units	—	56,729,649	1,087,685	15,000	57,802,334	—	—	—	—	—
Series M Units	—	12,025,534	—	5,066,341	6,959,193	—	—	—	—	—
Scotia Global Balanced Fund										
Series A Units	3,747,447	1,544,690	106,317	708,696	4,689,758	2,085,148	2,048,674	61,787	448,162	3,747,447
Series D Units	—	—	—	—	—	—	—	—	—	—
Scotia Global Bond Fund										
Series A Units	1,623,614	193,913	—	446,978	1,370,549	2,062,383	176,146	7,060	621,975	1,623,614
Series I Units	—	—	—	—	—	1,802,444	35,037	23,751	1,861,232	—
Scotia Global Dividend Fund										
Series A Units	6,445,086	3,088,033	195,612	1,099,886	8,628,845	3,004,668	3,979,760	168,065	707,407	6,445,086
Series I Units	16,654,751	4,511,513	761,644	3,924,900	18,003,008	5,010,948	11,342,657	650,767	349,621	16,654,751
Scotia Global Growth Fund										
Series A Units	2,440,202	374,912	—	422,295	2,392,819	2,271,513	561,560	—	392,871	2,440,202
Series F Units	149	48	—	2	195	153	—	—	4	149
Series I Units	5,693,672	5,903,364	61,879	2,191,968	9,466,947	5,933,463	105,845	69,109	414,745	5,693,672
Advisor Series Units	11,137	3,593	—	958	13,772	970	10,944	—	777	11,137
Scotia Global Opportunities Fund										
Series A Units	787,715	264,703	52,545	218,670	886,293	800,529	145,607	—	158,421	787,715
Series F Units	—	225	—	225	—	—	—	—	—	—
Series I Units	6,955,312	4,756,447	629,502	2,930,494	9,410,767	7,344,238	290,710	101,452	781,088	6,955,312
Advisor Series Units	21,233	4,620	1,630	154	27,329	21,233	—	—	—	21,233
Scotia Global Small Cap Fund										
Series A Units	374,421	148,842	—	165,829	357,434	375,793	87,693	—	89,065	374,421
Series I Units	6,791,362	3,304,976	72,050	5,699,945	4,468,443	7,681,208	76,805	69,858	1,036,509	6,791,362
Scotia Income Advantage Fund										
Series A Units	16,812,965	4,552,973	603,865	3,264,861	18,704,942	10,781,572	8,131,616	552,158	2,652,381	16,812,965
Series M Units	2,067,589	438,564	—	304,973	2,201,180	—	2,284,991	—	217,402	2,067,589
Series D Units	—	—	—	—	—	—	—	—	—	—
Scotia INNOVA Balanced Growth Portfolio										
Series A Units	124,483,772	48,473,228	5,686,645	15,553,184	163,090,461	83,407,185	50,555,995	810,383	10,289,791	124,483,772
Series T Units	16,705,124	7,915,867	225,954	3,776,203	21,070,742	8,448,395	9,867,544	172,550	1,783,365	16,705,124
Scotia INNOVA Balanced Income Portfolio										
Series A Units	114,126,315	44,317,884	4,567,378	18,042,514	144,969,063	80,137,595	47,921,379	1,079,567	15,012,226	114,126,315
Series T Units	18,352,816	8,620,419	216,345	4,107,367	23,082,213	10,486,142	11,369,276	152,396	3,654,998	18,352,816

Trust Funds	December 2014					December 2013				
	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units
Scotia INNOVA Growth Portfolio										
Series A Units	60,551,196	31,725,730	3,267,198	7,477,326	88,066,798	39,395,201	25,462,728	175,988	4,482,721	60,551,196
Scotia INNOVA Income Portfolio										
Series A Units	119,580,326	26,405,334	3,844,037	23,354,022	126,475,675	111,034,793	38,895,734	1,661,747	32,011,948	119,580,326
Series T Units	16,121,848	4,476,600	211,976	3,154,280	17,656,144	16,932,246	6,820,316	189,006	7,819,720	16,121,848
Scotia INNOVA Maximum Growth Portfolio										
Series A Units	13,673,793	9,536,186	910,634	2,041,322	22,079,291	8,482,936	6,187,736	—	996,879	13,673,793
Scotia International Index Fund										
Series A Units	2,945,295	488,385	—	613,728	2,819,952	2,975,878	539,509	—	570,092	2,945,295
Series F Units	—	—	—	—	—	234	—	—	234	—
Series I Units	—	—	—	—	—	1,937,559	5,162	—	1,942,721	—
Series D Units	—	—	—	—	—	—	—	—	—	—
Scotia International Value Fund										
Series A Units	1,532,853	167,659	—	330,713	1,369,799	1,555,698	331,172	—	354,017	1,532,853
Series F Units	—	42	—	—	42	—	—	—	—	—
Series I Units	11,187,295	7,089,080	223,226	7,217,405	11,282,196	12,474,747	243,307	227,045	1,757,804	11,187,295
Advisor Series Units	4,195	—	—	2,956	1,239	1,951	2,854	—	610	4,195
Scotia Latin American Fund										
Series A Units	1,939,152	139,511	13,467	450,074	1,642,056	2,255,580	291,781	20,117	628,326	1,939,152
Series F Units	2,315	—	—	2,315	—	2,267	—	48	—	2,315
Series I Units	—	—	—	—	—	96,095	—	—	96,095	—
Scotia Money Market Fund										
Premium Series Units	18,239,943	17,094,804	176,896	16,943,659	18,567,984	26,087,998	19,348,722	211,785	27,408,562	18,239,943
Series A Units	45,621,347	24,968,809	143,218	33,440,500	37,292,874	58,205,148	30,023,991	177,518	42,785,310	45,621,347
Series I Units	15,198	—	199	—	15,397	1,040,436	3,001	9,336	1,037,575	15,198
Series M Units	111,170,691	309,854,227	1,466,482	328,650,847	93,840,553	121,338,755	254,141,289	1,330,100	265,639,453	111,170,691
Advisor Series Units	127,854	292,708	633	293,412	127,783	158,017	142,951	472	173,586	127,854
Scotia Mortgage Income Fund										
Series A Units	14,152,913	837,566	205,169	3,774,252	11,421,396	18,130,071	762,546	253,756	4,993,460	14,152,913
Series F Units	86,127	1,894	1,254	53,910	35,365	144,342	13,286	2,429	73,930	86,127
Series I Units	13,652,839	1,070,449	283,440	14,881,074	125,654	11,492,364	1,764,674	395,801	—	13,652,839
Series M Units	—	4,481,742	—	1,062,511	3,419,231	—	—	—	—	—
Scotia Nasdaq Index Fund										
Series A Units	4,828,491	2,385,193	911,003	1,343,523	6,781,164	3,387,629	1,210,218	975,563	744,919	4,828,491
Series F Units	90,624	6,996	—	97,287	333	2,453	72,057	18,342	2,228	90,624
Series D Units	—	—	—	—	—	—	—	—	—	—
Scotia Pacific Rim Fund										
Series A Units	1,708,108	94,226	—	335,174	1,467,160	1,916,563	157,171	1,653	367,279	1,708,108
Series I Units	—	—	—	—	—	142,399	—	—	142,399	—
Scotia Partners Balanced Growth Portfolio										
Series A Units	132,164,861	32,663,868	5,582,404	16,623,333	153,787,800	115,420,216	29,922,818	1,348,174	14,526,347	132,164,861
Series F Units	8,821	10,562	700	2,893	17,190	8,503	2,068	143	1,893	8,821
Scotia Partners Balanced Income Portfolio										
Series A Units	54,609,704	24,601,629	1,449,953	9,112,300	71,548,986	41,184,509	19,542,783	925,308	7,042,896	54,609,704
Series F Units	1,332	—	8	—	1,340	2,819	856	6	2,349	1,332
Scotia Partners Growth Portfolio										
Series A Units	132,421,566	30,845,938	4,541,937	16,113,119	151,696,322	113,151,791	31,983,158	68	12,713,451	132,421,566
Series F Units	90,767	20,458	3,389	9,221	105,393	78,911	21,979	—	10,123	90,767
Scotia Partners Income Portfolio										
Series A Units	50,627,257	16,492,916	2,291,652	10,552,800	58,859,025	32,822,473	27,391,484	1,081,999	10,668,699	50,627,257
Scotia Partners Maximum Growth Portfolio										
Series A Units	29,447,082	8,665,019	558,453	4,072,441	34,598,113	25,704,982	7,313,504	—	3,571,404	29,447,082
Series F Units	21,008	1,247	372	3,169	19,458	20,520	2,151	—	1,663	21,008

Trust Funds	December 2014					December 2013				
	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units
Scotia Premium T-Bill Fund										
Series A Units	27,821,782	7,313,023	168,003	12,367,993	22,934,815	35,288,573	5,893,885	234,975	13,595,651	27,821,782
Scotia Private Canadian Corporate Bond Pool										
Series I Units	128,501,803	57,379,278	5,724,961	18,853,554	172,752,488	107,605,307	24,150,047	4,752,652	8,006,203	128,501,803
Series M Units	182,920,268	67,723,287	5,589,734	46,630,430	209,602,859	165,886,994	59,830,795	5,662,684	48,460,205	182,920,268
Scotia Private Canadian Equity Pool										
Series I Units	36,782,564	12,196,000	1,133,895	5,091,949	45,020,510	23,321,758	14,299,266	909,232	1,747,692	36,782,564
Series M Units	30,246,826	10,466,867	697,401	8,695,968	32,715,126	27,996,290	11,998,100	633,188	10,380,752	30,246,826
Scotia Private Canadian Preferred Share Pool										
Series I Units	12,832,622	2,932,010	30,978	15,795,610	—	6,449,228	6,003,563	379,831	—	12,832,622
Series M Units	25,186,960	27,722,809	1,579,017	9,025,587	45,463,199	20,212,833	14,275,508	931,027	10,232,408	25,186,960
Scotia Private International Core Equity Pool										
Series M Units	5,379,668	2,421,321	76,382	3,080,893	4,796,478	3,968,673	3,059,496	51,795	1,700,296	5,379,668
Scotia Private North American Dividend Pool										
Series M Units	6,259,984	1,605,253	161,985	1,172,523	6,854,699	7,396,603	510,749	149,679	1,797,047	6,259,984
Scotia Private Real Estate Income Pool										
Series I Units	—	47,995	174	—	48,169	—	—	—	—	—
Series M Units	13,091,922	5,625,255	550,865	2,408,331	16,859,711	4,576,648	10,581,812	330,370	2,396,908	13,091,922
Scotia Private Short-Mid Government Bond Pool										
Series I Units	54,028,595	16,108,598	1,210,961	25,967,676	45,380,478	45,018,188	15,087,967	1,555,893	7,633,453	54,028,595
Series M Units	70,727,424	57,736,443	2,107,977	21,374,754	109,197,090	70,869,754	24,928,262	1,791,374	26,861,966	70,727,424
Scotia Private U.S. Dividend Pool										
Series I Units	2,028,814	7,132,372	216,639	567,930	8,809,895	515,689	1,621,388	35,197	143,460	2,028,814
Series M Units	46,312,112	23,206,255	1,227,122	9,470,800	61,274,689	25,558,059	28,566,075	866,181	8,678,203	46,312,112
Scotia Private U.S. Equity Pool										
Series I Units	14,569,468	930,526	89,270	15,048,480	540,784	10,368,524	5,749,015	224,261	1,772,332	14,569,468
Series M Units	28,641,821	6,395,988	5,203,910	6,138,807	34,102,912	51,667,808	5,290,845	374,352	28,691,184	28,641,821
Scotia Resource Fund										
Series A Units	6,738,485	703,606	—	1,451,100	5,990,991	7,633,715	679,450	—	1,574,680	6,738,485
Series F Units	2,044	112	—	1,033	1,123	16,704	261	—	14,921	2,044
Scotia Selected Balanced Growth Portfolio										
Series A Units	84,362,178	14,037,259	—	11,429,914	86,969,523	78,460,076	16,691,206	384,958	11,174,062	84,362,178
Series F Units	—	1,790	—	3	1,787	7,405	—	—	7,405	—
Advisor Series Units	4,636	4,388	—	668	8,356	5,659	31	—	1,054	4,636
Scotia Selected Balanced Income Portfolio										
Series A Units	52,919,505	13,906,461	1,696,350	8,248,362	60,273,954	37,526,288	21,032,380	925,131	6,564,294	52,919,505
Advisor Series Units	66,327	7,947	1,504	8,172	67,606	72,242	7,805	522	14,242	66,327
Scotia Selected Growth Portfolio										
Series A Units	49,285,608	10,043,392	1,332,253	6,686,845	53,974,408	45,514,463	10,553,069	—	6,781,924	49,285,608
Series F Units	1,756	10,124	256	1,756	10,380	1,756	—	—	—	1,756
Advisor Series Units	2,246	—	57	8	2,295	2,388	—	—	142	2,246
Scotia Selected Income Portfolio										
Series A Units	3,684,214	3,149,077	295,813	800,583	6,328,521	265,700	3,800,737	55,047	437,270	3,684,214
Scotia Selected Maximum Growth Portfolio										
Series A Units	10,573,774	3,040,028	1	1,674,184	11,939,619	9,601,140	2,596,295	5,300	1,628,961	10,573,774
Series F Units	—	32	—	—	32	—	—	—	—	—
Advisor Series Units	195	25,368	—	1,316	24,247	732	60	—	597	195

Trust Funds	December 2014					December 2013				
	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units
Scotia Short Term Bond Fund										
Series I Units	–	185,517	2,885	26,597	161,805	–	–	–	–	–
Series M Units	25,623,512	8,041,897	303,342	27,488,859	6,479,892	14,198,785	18,190,577	431,063	7,196,913	25,623,512
Scotia T-Bill Fund										
Series A Units	7,610,182	1,298,693	20,227	2,782,635	6,146,467	9,389,478	1,690,668	25,339	3,495,303	7,610,182
Scotia U.S. \$ Balanced Fund										
Series A Units	6,026,921	5,151,322	–	1,642,517	9,535,726	2,055,207	4,596,404	74,079	698,769	6,026,921
Scotia U.S. \$ Bond Fund										
Series A Units	9,955,943	765,604	29,516	3,489,772	7,261,291	15,122,211	1,571,916	109,346	6,847,530	9,955,943
Series F Units	55,570	12,049	309	42,084	25,844	24,642	44,435	487	13,994	55,570
Scotia U.S. \$ Money Market Fund										
Series A Units	6,951,695	4,736,534	3,298	4,572,430	7,119,097	9,479,365	4,500,865	3,865	7,032,400	6,951,695
Scotia U.S. Blue Chip Fund										
Series A Units	3,887,064	551,282	–	680,711	3,757,635	4,002,872	534,740	–	650,548	3,887,064
Series F Units	–	31	–	–	31	–	–	–	–	–
Scotia U.S. Dividend Fund										
Series A Units	1,402,081	1,428,203	217,421	367,829	2,679,876	52,171	1,437,786	54,698	142,574	1,402,081
Series I Units	9,237,322	2,498,021	993,861	2,687,480	10,041,724	8,948,215	318,173	493,607	522,673	9,237,322
Scotia U.S. Index Fund										
Series A Units	4,581,295	1,273,361	36,366	845,449	5,045,573	3,692,947	1,552,506	35,386	699,544	4,581,295
Series F Units	1,171	979	9	1,171	988	–	1,154	17	–	1,171
Series I Units	–	–	–	–	–	563,835	–	–	563,835	–
Series D Units	–	–	–	–	–	–	–	–	–	–
Scotia U.S. Opportunities Fund										
Series A Units	2,156,888	562,943	–	455,846	2,263,985	2,241,234	373,326	–	457,672	2,156,888
Series F Units	–	56	–	–	56	–	–	–	–	–
Series I Units	8,947	16,950	–	4,724	21,173	657,007	6,974	–	655,034	8,947
Corporate Class										
Scotia Canadian Corporate Bond Capital Yield Class										
Series M Units	5,781,957	3,597	–	1,843,526	3,942,028	6,111,711	3,836,956	27,433	4,194,143	5,781,957
Scotia Canadian Dividend Class										
Series A Units	3,855,157	3,427,003	139,604	1,243,349	6,178,415	1,462,770	2,759,342	80,088	447,043	3,855,157
Series M Units	2,752,947	1,580,143	80,853	679,503	3,734,440	1,084,818	2,231,258	55,854	618,983	2,752,947
Scotia Canadian Equity Blend Class										
Series A Units	56,165	94,678	1,848	51,747	100,944	20,120	36,075	817	847	56,165
Scotia Conservative Government Bond Capital Yield Class										
Series A Units	2,740,875	–	–	1,438,201	1,302,674	4,728,572	148,927	19,920	2,156,544	2,740,875
Series M Units	2,964,930	12,749	–	1,028,369	1,949,310	3,480,599	1,844,450	15,700	2,375,819	2,964,930
Scotia Fixed Income Blend Class										
Series A Units	302,512	–	–	84,949	217,563	130,216	401,333	586	229,623	302,512
Scotia Global Dividend Class										
Series A Units	721,444	540,509	–	205,310	1,056,643	142,971	624,636	1,074	47,237	721,444
Scotia INNOVA Balanced Growth Portfolio Class										
Series A Units	23,588,288	27,632,027	343,948	5,699,035	45,865,228	3,815,735	21,003,912	151,205	1,382,564	23,588,288
Series T Units	–	5,048,347	20,717	229,438	4,839,626	–	–	–	–	–
Scotia INNOVA Balanced Income Portfolio Class										
Series A Units	37,472,042	43,331,687	430,137	8,975,650	72,258,216	8,595,088	33,568,662	173,332	4,865,040	37,472,042
Series T Units	–	5,503,118	21,689	412,085	5,112,722	–	–	–	–	–
Scotia INNOVA Growth Portfolio Class										
Series A Units	8,773,738	11,346,150	135,406	3,223,248	17,032,046	1,288,821	7,913,042	62,061	490,186	8,773,738
Series T Units	–	666,403	3,740	53,202	616,941	–	–	–	–	–

Trust Funds	December 2014					December 2013				
	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units	Opening Units	Units Issued	Units Reinvested	Units Redeemed	Ending Units
Scotia INNOVA Income Portfolio Class										
Series A Units	26,829,581	932	113,647	5,701,781	21,242,379	24,210,137	16,680,492	201,958	14,263,006	26,829,581
Scotia INNOVA Maximum Growth Portfolio Class										
Series A Units	1,517,133	2,237,832	25,188	540,152	3,240,001	270,686	1,368,439	12,922	134,914	1,517,133
Series T Units	–	179,754	1,763	10,171	171,346	–	–	–	–	–
Scotia International Equity Blend Class										
Series A Units	44,333	14,064	35	11,117	47,315	17,286	36,163	124	9,240	44,333
Scotia Private Canadian Equity Class										
Series M Units	387,002	120,467	6,767	240,354	273,882	219,181	324,799	10,384	167,362	387,002
Scotia Private U.S. Dividend Class										
Series M Units	1,980,269	440,177	–	395,655	2,024,791	508,727	1,662,010	2,102	192,570	1,980,269
Scotia Private U.S. Equity Class										
Series M Units	726,182	57,903	–	417,857	366,228	724,086	1,015,333	3,097	1,016,334	726,182
Scotia Short Term Yield Class										
Series M Units	15,068	–	–	–	15,068	15,000	–	68	–	15,068
Scotia U.S. Equity Blend Class										
Series A Units	76,453	162,314	–	59,982	178,785	17,046	59,497	73	163	76,453

8. Income Taxes

Mutual Fund Trusts

Each of the Trust Funds qualifies or expects to qualify as mutual fund trust under the Income Tax Act (Canada). These Funds are subject to tax on their income, including net realized capital gains that are not paid or payable to their unitholders. Each of the Funds distributes sufficient amounts of its net investment income, including net realized capital gains, less the amount retained to enable each Fund to utilize any available tax losses or tax credit attributable to redemptions during the period by its unitholders such that no income tax will be paid or payable by the Funds. Such net investment income, including net realized capital gains are taxable in the hands of the unitholders. Accordingly, the Trust Funds do not record Canadian income taxes in their financial statements.

In certain circumstances, the Funds may distribute a return of capital. A return of capital is generally not taxable to unitholders but will reduce the adjusted cost base of the units held.

Mutual Fund Corporation

The Corporation qualifies as a mutual fund corporation under the Income Tax Act (Canada) and has a December 31st tax year end. Each of the Corporate Class Funds within the Corporation are classes of shares of the Corporation and together are treated as one legal entity and a single taxpayer. As a result, the Corporation must consolidate its income, expenses, capital gains and capital

losses of all of their Corporate Class Funds in order to determine the Corporation's tax payable as a whole and whether the Corporation will pay capital gains dividends to its shareholders.

The Corporation is subject to Part IV federal tax of 33 1/3% on the amount of taxable dividends received from taxable Canadian corporations. This tax is refundable as the Corporation pays taxable dividends to its shareholders at the rate of \$1 for every \$3 of taxable dividends paid. The Corporation will pay out sufficient ordinary dividends such that the Corporation would not be subject to Part IV tax.

The Corporation is also subject to Part I tax on other income and net taxable capital gains for the year. Part I tax on taxable capital gains can be reduced by the capital gains refund available to mutual fund corporation which is calculated based on the level of redemptions by shareholders and capital gains dividends distributed to shareholders. The Corporation will pay out sufficient capital gains dividends such that the Corporation would not be subject to Part I tax.

As a result of the capital gains refund mechanism and Part IV tax refunds, the Corporation recovers any Canadian income taxes paid in respect of its capital gains and taxable dividends received from taxable Canadian Corporations. The Corporation has sufficient expense to offset other income such that the Corporation would not be subject to Part I tax on other income. As a result, the Corporation does not record any provision for such income taxes.

Losses Carried Forward

Capital losses may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses for income tax purposes may be carried forward for up to twenty years and applied against all sources of income. The Funds' capital and/or non-capital losses carried forwards are disclosed in the respective Fund's "Fund Specific Notes".

Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses have not been reflected in the Statements of Financial Position as a deferred income tax asset. The following Funds have capital and/or non-capital losses carried forward as at December 31, 2014:

Trust Funds	Year of expiry	Non-Capital Loss \$	Capital Loss \$
Scotia Canadian Balanced Fund	—	—	59,395,677
Scotia Canadian Bond Index Fund	—	—	1,857,688
Scotia Canadian Income Fund	—	—	84,932,743
Scotia Canadian Index Fund	—	—	33,741,869
Scotia Canadian Small Cap Fund	2032	142,967	14,345,852
	2034	385,546	—
Scotia CanAm Index Fund	—	—	87,581,614
Scotia Diversified Monthly Income Fund	—	—	11,512
Scotia European Fund	—	—	50,780,288
Scotia Floating Rate Income Fund	—	—	1,421,322
Scotia Global Bond Fund	2033	1,251,522	29,077,335
Scotia Global Growth Fund	—	—	121,464,078
Scotia Global Small Cap Fund	—	—	46,047,278
Scotia International Index Fund	2031	3,587,728	13,729,402
Scotia International Value Fund	—	—	45,143,659
Scotia Latin American Fund	—	—	17,719,611
Scotia Mortgage Income Fund	—	—	7,053,319
Scotia Nasdaq Index Fund	—	—	4,091,590
Scotia Pacific Rim Fund	—	—	11,755,205
Scotia Partners Growth Portfolio	2033	5,992,303	—
Scotia Partners Maximum Growth Portfolio	2029	758,991	—
	2030	3,341,158	—
	2031	906,769	—
Scotia Private Canadian Corporate Bond Pool	—	—	17,284,943
Scotia Private Canadian Equity Pool	—	—	18,396,731
Scotia Private Canadian Preferred Share Pool	—	—	19,876,173
Scotia Private International Core Equity Pool	—	—	171,239,170
Scotia Private North American Dividend Pool	—	—	60,329,120
Scotia Private Short-Mid Government Bond Pool	—	—	7,495,470
Scotia Resource Fund	2029	432,698	36,076,708
	2034	489,065	—
Scotia Selected Balanced Growth Portfolio	—	—	8,670,197
Scotia Selected Growth Portfolio	—	—	410
Scotia Selected Maximum Growth Portfolio	2028	89,173	646,856
	2029	115,033	—
	2030	20,770	—
Scotia Short Term Bond Fund	—	—	2,238,977
Scotia U.S. \$ Balanced Fund	2031	21,765	—
	2032	71,019	—
Scotia U.S. \$ Bond Fund	—	—	8,488,821
Scotia U.S. \$ Money Market Fund	—	—	59,165,913
Scotia U.S. Blue Chip Fund	2015	449,146	129,977,213
	2028	367,040	—
	2029	232,487	—
	2030	83,350	—
	2031	201,686	—
	2032	404,417	—
Scotia U.S. Index Fund	—	—	34,710,441
Scotia U.S. Opportunities Fund	2015	1,658,776	37,250,502
	2026	489,880	—

As of December 31, 2014 the Corporation has no capital or non-capital losses carried forward.

Withholding Taxes

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

9. Client Brokerage Commissions

Client brokerage commissions are arrangements pursuant to which products or services, other than the execution of portfolio securities transactions, are obtained by a portfolio adviser from or through a broker-dealer in exchange for directing client securities transactions to the broker-dealer. The ascertainable soft dollar arrangements in connection with investment portfolio transactions for the periods ended December 31, 2014 and 2013 are set out below.

Fund	2014	2013
Scotia Balanced Opportunities Fund	\$ 35,159	\$ 22,948
Scotia Canadian Balanced Fund	261,146	51,271
Scotia Canadian Blue Chip Fund	43,482	21,812
Scotia Canadian Dividend Fund	374,930	436,375
Scotia Canadian Growth Fund	107,497	64,440
Scotia Canadian Small Cap Fund	8,623	3,582
Scotia Diversified Monthly Income Fund	205,727	124,021
Scotia Dividend Balanced Fund	30,477	51,528
Scotia European Fund	14,326	10,348
Scotia Global Balanced Fund	—	—
Scotia Global Dividend Fund	88,720	93,002
Scotia Global Growth Fund	99,637	81,449
Scotia Global Opportunities Fund	17,914	12,636
Scotia Global Small Cap Fund	10,463	7,990
Scotia Income Advantage Fund	17,634	12,865
Scotia International Value Fund	12,880	—
Scotia Latin American Fund	—	—
Scotia Pacific Rim Fund	—	—
Scotia Private Canadian Equity Pool	171,454	1,811
Scotia Private Canadian Preferred Share Pool	35,680	—
Scotia Private International Core Equity Pool	1,520	715
Scotia Private North American Dividend Pool	1,969	7,021
Scotia Private Real Estate Income Pool	10,537	12,149
Scotia Private U.S. Dividend Pool	5,600	882
Scotia Private U.S. Equity Pool	87,401	106,340
Scotia Resource Fund	13,283	10,486
Scotia U.S. \$ Balanced Fund	7,222	4,073
Scotia U.S. Blue Chip Fund	2,181	1,534
Scotia U.S. Dividend Fund	8,690	1,439
Scotia U.S. Opportunities Fund	2,799	4,442

For client brokerage commissions paid to related parties, please refer to Notes 10(c) for more information.

10. Related Party Transactions

- The Manager is a wholly-owned subsidiary of Scotiabank and a related party to the Funds. The Manager earns fees for acting as trustee and manager of the Funds. In addition, Scotiabank is the custodian of the Funds and earns a fee for providing custody and related services. The management fees, administration fees and custodian fees are disclosed in separate line

items in the Statements of Comprehensive Income. Fixed Administration Fee and administrative cost are disclosed in Note 6.

- (b) As at December 31, 2014, December 31, 2013 and January 1, 2013, certain Funds invested in Funds managed by the Manager. These holdings are disclosed in the Schedule of Investment Portfolio, as applicable.
- (c) Units of the Funds are distributed through brokers and dealers which include Scotia Securities Inc., Scotia Capital Inc. ("SCI") (including ScotiaMcLeod and Scotia iTRADE, each a division of SCI) and HollisWealth Advisory Services Inc., all wholly-owned subsidiaries of Scotiabank and related parties to the Manager. The Funds may also invest in securities issued by Scotiabank and execute portfolio transactions through SCI. The brokerage fees paid to Scotia Parties for the periods ended December 31, 2014 and 2013 are as follows:

	December 31, 2014
	Scotia Capital Inc.
Scotia Balanced Opportunities Fund	\$ 37,748
Scotia Canadian Balanced Fund	260,124
Scotia Canadian Blue Chip Fund	32,190
Scotia Canadian Dividend Fund	383,285
Scotia Canadian Growth Fund	26,474
Scotia Canadian Small Cap Fund	8,094
Scotia Diversified Monthly Income Fund	298,842
Scotia Dividend Balanced Fund	30,171
Scotia Global Dividend Fund	3,162
Scotia Global Opportunities Fund	17,133
Scotia Global Small Cap Fund	2,190
Scotia Income Advantage Fund	16,781
Scotia Latin American Fund	90,664
Scotia Private Canadian Equity Pool	47,382
Scotia Private Canadian Preferred Share Pool	16,120
Scotia Private North American Dividend Pool	528
Scotia Private Real Estate Income Pool	13,716
Scotia Private U.S. Equity Pool	35,257
Scotia Resource Fund	18,545
Scotia U.S. \$ Balanced Fund	4,908
Scotia U.S. Dividend Fund	3,183
Scotia U.S. Opportunities Fund	2,350

	December 31, 2013
	Scotia Capital Inc.
Scotia Balanced Opportunities Fund	\$ 60,018
Scotia Canadian Balanced Fund	85,004
Scotia Canadian Blue Chip Fund	27,664
Scotia Canadian Dividend Fund	508,440
Scotia Canadian Growth Fund	59,373
Scotia Canadian Small Cap Fund	8,486
Scotia Diversified Monthly Income Fund	207,091
Scotia Dividend Balanced Fund	7,259
Scotia Global Dividend Fund	947
Scotia Global Opportunities Fund	5,775
Scotia Income Advantage Fund	14,974
Scotia Latin American Fund	90,225
Scotia Private Canadian Equity Pool	6,606
Scotia Private North American Dividend Pool	359
Scotia Private Real Estate Income Pool	23,642
Scotia Private U.S. Equity Pool	44,995
Scotia Resource Fund	22,222
Scotia U.S. \$ Balanced Fund	2,332
Scotia U.S. Dividend Fund	94,253
Scotia U.S. Opportunities Fund	2,065

- (d) Scotia Mortgage Income Fund purchases and sells mortgages from Scotia Mortgage Corporation ("SMC"), a wholly-owned subsidiary of Scotiabank, and from Scotiabank at an amount which will produce a yield to Scotia Mortgage Income Fund of not more than one-quarter of one percent less than the interest rate at which Scotiabank is making similar commitments.

Scotia Mortgage Income Fund only holds conventional uninsured mortgages. For conventional uninsured mortgages, Scotia Mortgage Income Fund pays SMC or Scotiabank a guarantee fee equal to 0.25 percent applied to the present value of each mortgage at the time of purchase. This guarantee fee is deferred and amortized over the remaining term to maturity of the mortgages purchased. Scotiabank has agreed to purchase from Scotia Mortgage Income Fund any mortgage purchased from SMC or from Scotiabank at such time if the mortgage is in default. The price of such purchase is equal to the principal value plus unpaid interest. Unamortized guarantee fees are included in "Investments at fair value" in the Statements of Financial Position. Amortized guarantee fees are included in "Interest" income in the Statements of Comprehensive Income and disclosed in the Fund's "Fund Specific Notes".

Scotia Mortgage Income Fund pays SMC mortgage service fees for administering all mortgages it holds. The fee is equal to an annualized rate of 3/8 of 1% of the outstanding principal balance of mortgages held.

As at December 31, 2014, unamortized guarantee fees is \$303,837 (December 31, 2013 – \$782,666, January 1, 2013 – \$1,084,087).

There are no mortgages in arrears as at December 31, 2014, December 31, 2013 and January 1, 2013.

Mortgage service fees of \$710,168 were paid to SMC for the period ended December 31, 2014 (December 31, 2013 – \$987,773).

- (e) The Manager may enter into transactions and service arrangements with its affiliates. SCI may be involved in the purchase and sale of portfolio securities and currency forward contracts.
- (f) Scotia Mocatta, a wholly-owned subsidiary of Scotiabank, is the custodian of gold bullion for certain funds. Scotia Mocatta earned a fee for providing custody and related services in total of U.S. \$5,164 for year ended December 31, 2014 (December 31, 2013 – U.S. \$33,831).

(g) As at December 31, 2014, December 31, 2013 and January 1, 2013, the Manager has invested in the following number of units in the following Funds:

Fund	December 31, 2014	December 31, 2013	January 1, 2013
Scotia Aria Conservative Build Portfolio	508 Premium Series Units	—	—
Scotia Aria Conservative Build Portfolio	15,214 Series A Units	—	—
Scotia Aria Conservative Core Portfolio	503 Premium Series Units	—	—
Scotia Aria Conservative Core Portfolio	15,097 Series A Units	—	—
Scotia Aria Conservative Core Portfolio	336 Series T Units	—	—
Scotia Aria Conservative Core Portfolio	335 Series TL Units	—	—
Scotia Aria Conservative Core Portfolio	337 Series TH Units	—	—
Scotia Aria Conservative Core Portfolio	336 Premium Series TL Units	—	—
Scotia Aria Conservative Core Portfolio	336 Premium Series T Units	—	—
Scotia Aria Conservative Core Portfolio	336 Premium Series TH Units	—	—
Scotia Aria Conservative Pay Portfolio	508 Premium Series Units	—	—
Scotia Aria Conservative Pay Portfolio	15,236 Series A Units	—	—
Scotia Aria Conservative Pay Portfolio	339 Series T Units	—	—
Scotia Aria Conservative Pay Portfolio	337 Series TL Units	—	—
Scotia Aria Conservative Pay Portfolio	340 Series TH Units	—	—
Scotia Aria Conservative Pay Portfolio	339 Premium Series TL Units	—	—
Scotia Aria Conservative Pay Portfolio	339 Premium Series T Units	—	—
Scotia Aria Conservative Pay Portfolio	340 Premium Series TH Units	—	—
Scotia Aria Moderate Build Portfolio	509 Premium Series Units	—	—
Scotia Aria Moderate Build Portfolio	15,267 Series A Units	—	—
Scotia Aria Moderate Core Portfolio	506 Premium Series Units	—	—
Scotia Aria Moderate Core Portfolio	15,178 Series A Units	—	—
Scotia Aria Moderate Core Portfolio	338 Series T Units	—	—
Scotia Aria Moderate Core Portfolio	338 Series TL Units	—	—
Scotia Aria Moderate Core Portfolio	339 Series TH Units	—	—
Scotia Aria Moderate Core Portfolio	337 Premium Series TL Units	—	—
Scotia Aria Moderate Core Portfolio	337 Premium Series T Units	—	—
Scotia Aria Moderate Core Portfolio	339 Premium Series TH Units	—	—
Scotia Aria Moderate Pay Portfolio	510 Premium Series Units	—	—
Scotia Aria Moderate Pay Portfolio	15,317 Series A Units	—	—
Scotia Aria Moderate Pay Portfolio	342 Series T Units	—	—
Scotia Aria Moderate Pay Portfolio	341 Series TL Units	—	—
Scotia Aria Moderate Pay Portfolio	342 Series TH Units	—	—
Scotia Aria Moderate Pay Portfolio	340 Premium Series TL Units	—	—
Scotia Aria Moderate Pay Portfolio	342 Premium Series T Units	—	—

Fund	December 31, 2014	December 31, 2013	January 1, 2013
Scotia Aria Moderate Pay Portfolio	342 Premium Series TH Units	—	—
Scotia Aria Progressive Build Portfolio	512 Premium Series Units	—	—
Scotia Aria Progressive Build Portfolio	15,348 Series A Units	—	—
Scotia Aria Progressive Core Portfolio	508 Premium Series Units	—	—
Scotia Aria Progressive Core Portfolio	15,235 Series A Units	—	—
Scotia Aria Progressive Core Portfolio	338 Series T Units	—	—
Scotia Aria Progressive Core Portfolio	338 Series TL Units	—	—
Scotia Aria Progressive Core Portfolio	339 Series TH Units	—	—
Scotia Aria Progressive Core Portfolio	338 Premium Series TL Units	—	—
Scotia Aria Progressive Core Portfolio	338 Premium Series T Units	—	—
Scotia Aria Progressive Core Portfolio	339 Premium Series TH Units	—	—
Scotia Aria Progressive Pay Portfolio	514 Premium Series Units	—	—
Scotia Aria Progressive Pay Portfolio	15,399 Series A Units	—	—
Scotia Aria Progressive Pay Portfolio	342 Series T Units	—	—
Scotia Aria Progressive Pay Portfolio	342 Series TL Units	—	—
Scotia Aria Progressive Pay Portfolio	344 Series TH Units	—	—
Scotia Aria Progressive Pay Portfolio	342 Premium Series TL Units	—	—
Scotia Aria Progressive Pay Portfolio	342 Premium Series T Units	—	—
Scotia Aria Progressive Pay Portfolio	342 Premium Series TH Units	—	—
Scotia Canadian Equity Blend Class	—	15,239 Series A Units	15,000 Series A Units
Scotia Fixed Income Blend Class	—	—	15,000 Series A Units
Scotia Global Dividend Class	—	—	15,009 Series A Units
Scotia INNOVA Maximum Growth Portfolio Class	—	—	15,000 Series A Units
Scotia International Equity Blend Class	15,078 Series A Units	15,067 Series A Units	15,000 Series A Units
Scotia Private Canadian Equity Class	—	—	15,364 Series M Units
Scotia Private Real Estate Income Pool	—	—	15,008 Series M Units
Scotia Private U.S. Dividend Class	—	—	15,000 Series M Units
Scotia Private U.S. Equity Class	—	—	15,000 Series M Units
Scotia Selected Income Portfolio	—	—	15,088 Series A Units
Scotia Short Term Yield Class	15,068 Series M Units	15,068 Series M Units	15,000 Series M Units
Scotia U.S. Dividend Fund	—	—	15,000 Series A Units
Scotia U.S. Equity Blend Class	—	15,032 Series A Units	15,000 Series A Units

(h) The Manager received approval from the Independent Review Committee to invest the Funds' overnight cash with Scotiabank with interest paid by Scotiabank to the Funds based on prevailing market rates. The interest earned by the Funds is reflected in the Statements of Comprehensive Income in "Interest for distribution purposes" in the Investment income section.

11. Securities Lending

Some of the Funds may enter into securities lending transactions under a securities lending program with their custodian, The Bank of Nova Scotia ("Scotiabank") (credit rating of A+ by Standard & Poor's). These transactions involve the temporary exchange of securities for collateral with a commitment to return the same securities to the Fund on a future date. The income earned from these securities lending transactions is recorded in the Statements of Comprehensive Income. The fair value of the securities lent and collateral held is determined on a daily basis. The securities lending arrangement can be terminated by the borrower, the securities lending agent or the Fund at any time. The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the Net Assets of the Fund.

The Funds receive collateral of at least 104% of the value of the securities on loan. Collateral is received in the form of debt obligations of the Government of Canada, a Canadian provincial government, the government of the United States of America, certain financial institutions or other qualified securities, and is not included in the Schedule of Investment Portfolio. The aggregate market value of the securities on loan and the collateral received by the Funds as at December 31, 2014, December 31, 2013 and January 1, 2013 are as follows:

Trust Funds	As at December 31, 2014	
	Market value of securities on loan	Market value of collateral received
Scotia Balanced Opportunities Fund	\$ 20,294,631	\$ 21,395,391
Scotia Bond Fund	15,806,936	16,593,104
Scotia Canadian Balanced Fund	14,731,063	15,662,684
Scotia Canadian Blue Chip Fund	26,866	28,361
Scotia Canadian Bond Index Fund	73,058,340	77,038,534
Scotia Canadian Dividend Fund	70,186,320	74,031,853
Scotia Canadian Growth Fund	26,315,398	27,868,170
Scotia Canadian Income Fund	1,120,974,118	1,176,815,046
Scotia Canadian Index Fund	7,397,527	7,806,033
Scotia CanAm Index Fund	27,215,440	28,635,808
Scotia Diversified Monthly Income Fund	11,130,488	11,737,824
Scotia Dividend Balanced Fund	14,630,105	15,440,567
Scotia Floating Rate Income Fund	51,677,701	54,408,624
Scotia Global Bond Fund	736,130	783,072
Scotia Global Dividend Fund	1,080,699	1,139,593
Scotia Global Growth Fund	15,722,497	16,686,812
Scotia Global Small Cap Fund	1,772,304	1,882,020
Scotia Income Advantage Fund	6,114,340	6,437,114
Scotia International Index Fund	3,669,023	3,855,962
Scotia International Value Fund	993,362	1,047,496
Scotia Latin American Fund	239,118	252,378
Scotia Money Market Fund	218,898,329	230,443,292
Scotia Premium T-Bill Fund	77,806,244	81,818,943
Scotia Private Canadian Corporate Bond Pool	318,994,806	335,134,111
Scotia Private Canadian Equity Pool	18,429,520	19,457,736
Scotia Private Canadian Preferred Share Pool	3,842,753	4,061,828
Scotia Private North American Dividend Pool	122,705	129,399
Scotia Private Real Estate Income Pool	15,668,889	16,527,049
Scotia Private Short-Mid Government Bond Pool	185,786,988	195,008,511
Scotia Private U.S. Dividend Pool	2,693,506	2,865,701
Scotia Resource Fund	9,709,629	10,248,947
Scotia Short-Term Bond Fund	2,433,455	2,556,456
Scotia T-Bill Fund	17,448,847	18,350,638
Scotia U.S. Index Fund	246,352	261,890

Trust Funds	As at December 31, 2013	
	Market value of securities on loan	Market value of collateral received
Scotia Balanced Opportunities Fund	\$ 23,144,253	\$ 24,220,760
Scotia Bond Fund	33,329,531	35,090,114
Scotia Canadian Balanced Fund	60,464,014	63,315,351
Scotia Canadian Blue Chip Fund	1,269,325	1,324,984
Scotia Canadian Bond Index Fund	82,526,681	86,689,920
Scotia Canadian Dividend Fund	82,124,660	85,938,490
Scotia Canadian Growth Fund	44,981,022	47,154,433
Scotia Canadian Income Fund	1,172,178,252	1,232,119,571
Scotia Canadian Index Fund	11,158,153	11,711,519
Scotia CanAm Index Fund	14,087,828	14,810,986
Scotia Diversified Monthly Income Fund	16,984,402	17,757,203
Scotia Dividend Balanced Fund	7,102,967	7,433,248
Scotia Global Dividend Fund	3,901,487	4,058,795
Scotia Global Growth Fund	10,912,467	11,402,058
Scotia Global Small Cap Fund	2,629,000	2,748,523
Scotia Income Advantage Fund	5,763,126	6,035,906
Scotia INNOVA Balanced Income Portfolio	9,458,861	9,939,315
Scotia INNOVA Income Portfolio	14,853,555	15,614,944
Scotia INNOVA Income Portfolio Class	253,810	266,689
Scotia International Index Fund	4,997,100	5,253,664
Scotia Latin American Fund	11,909	12,461
Scotia Nasdaq Index Fund	499,465	525,179
Scotia Premium T-Bill Fund	68,218,474	71,650,796
Scotia Private Canadian Corporate Bond Pool	187,667,882	197,440,205
Scotia Private Canadian Equity Pool	48,759,157	51,392,152
Scotia Private Canadian Preferred Share Pool	3,478,040	3,641,907
Scotia Private International Core Equity Pool	161,712	168,078
Scotia Private North American Dividend Pool	1,114,458	1,165,782
Scotia Private Real Estate Income Pool	9,977,240	10,432,076
Scotia Private Short-Mid Government Bond Pool	127,559,817	134,130,527
Scotia Private U.S. Dividend Pool	17,270,236	18,146,590
Scotia Resource Fund	8,233,395	8,596,853
Scotia Short-Term Bond Fund	12,715,267	13,383,220
Scotia T-Bill Fund	15,552,276	16,342,632
Scotia U.S. \$ Bond Fund	3,728,253	3,911,439
Scotia U.S. Dividend Fund	39,780	41,346
Scotia U.S. Index Fund	14,414	14,981

Trust Funds	As at January 1, 2013	
	Market value of securities on loan	Market value of collateral received
Scotia Balanced Opportunities Fund	\$ 36,561,269	\$ 38,788,302
Scotia Bond Fund	35,695,034	38,291,673
Scotia Canadian Balanced Fund	18,054,817	18,946,410
Scotia Canadian Blue Chip Fund	5,940,132	6,239,988
Scotia Canadian Bond Index Fund	105,927,214	112,726,337
Scotia Canadian Dividend Fund	21,522,108	22,914,850
Scotia Canadian Growth Fund	25,358,556	26,788,057
Scotia Canadian Income Fund	384,681,813	409,387,006
Scotia Canadian Index Fund	19,349,319	20,810,777
Scotia CanAm Index Fund	24,613,167	25,857,552
Scotia Diversified Monthly Income Fund	15,706,133	16,422,477
Scotia Dividend Balanced Fund	5,359,473	5,756,388
Scotia Global Dividend Fund	13,546	14,230
Scotia Global Growth Fund	4,715,417	5,115,207
Scotia Global Small Cap Fund	10,301	10,821
Scotia Income Advantage Fund	3,608,335	3,840,364
Scotia INNOVA Balanced Income Portfolio	12,152,506	12,918,923
Scotia INNOVA Income Portfolio	24,844,063	26,397,062
Scotia International Index Fund	9,839,494	10,338,812
Scotia Pacific Rim Fund	302,213	333,505
Scotia Premium T-Bill Fund	174,074,681	183,652,649
Scotia Private Canadian Corporate Bond Pool	38,525,071	40,472,832
Scotia Private Canadian Equity Pool	30,325,210	32,840,739
Scotia Private Canadian Preferred Share Pool	6,837,385	7,392,277
Scotia Private North American Dividend Pool	804,633	887,160
Scotia Private Short-Mid Government Bond Pool	32,893,482	36,269,802
Scotia Private U.S. Dividend Pool	19,435	21,448
Scotia Resource Fund	7,913,046	8,366,774
Scotia Short-Term Bond Fund	4,140,305	4,569,009
Scotia T-Bill Fund	42,108,145	44,408,650
Scotia U.S. \$ Bond Fund	8,286,928	8,705,252
Scotia U.S. Blue Chip Fund	67,388	139,384
Scotia U.S. Index Fund	57,877	61,892

12. Transition to IFRS

The effect of each of the Funds' transition to IFRS is summarized in this note as follows:

Transition elections

The only voluntary exemption adopted by the Funds upon transition was the ability to designate a financial asset or liability at fair value through profit and loss upon transition to IFRS. All financial assets or liabilities designated at FVTPL upon transition were previously valued at fair value under Canadian GAAP as required by Accounting Guideline 18, Investment Companies.

Statement of cash flows

Under Canadian GAAP, the Funds were exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements includes a statement of cash flows for the current and comparative periods, without exception.

Reconciliations and explanation of any significant adjustments

The following reconciliations between IFRS and Canadian GAAP, as required by IFRS 1 for each Fund are disclosed in the respective Fund's "Fund Specific Notes".

- Statement of financial position reconciliation as previously reported under Canadian GAAP to IFRS
- Statement of comprehensive income reconciliation as previously reported under Canadian GAAP to IFRS

Classification of redeemable units issued by the Funds

Under Canadian GAAP, the Funds accounted for their redeemable units as equity. Under IFRS, IAS 32, *Financial Instruments: Presentation*, requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Funds' outstanding units include a contractual obligation to distribute any net income and net realized capital gains annually in cash (at the request of the unitholder), therefore the ongoing redemption feature is not the units' only contractual obligation. In addition, certain Funds have multiple features across the different series of the Fund. The Funds' units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

Revaluation of investments at FVTPL

Under Canadian GAAP, the Funds measured the fair values of investments in accordance with Section 3855, *Financial Instruments – Recognition and Measurement*, which required the use of bid prices for long positions and ask

prices for short positions; to the extent such prices were available. Under IFRS, the funds measure the fair values of their investments using the guidance in IFRS 13, *Fair Value Measurement* ("IFRS 13"), which requires that if an asset or a liability has a bid price and an ask price, then their fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. As a result, upon adoption of IFRS an adjustment was recognized to adjust for the carrying amount of the Funds' investments.

13. Mortgage Backed Securities

Certain Funds invest in mortgage-related and other asset-backed securities. These securities include commercial mortgage-backed securities, asset-backed securities, and other securities that directly or indirectly represent a participation in, or are secured by and payable from mortgage loans on real property. The debt and equity securities issued by these securities may include tranches with varying levels of subordination. These securities may provide a monthly payment which consists of both interest and principal payments. As at December 31, 2014 and 2013 and January 1, 2013, the maximum exposure to these securities was less than 5% of the net assets of the respective Funds.

14. Future Accounting Standards

The final version of IFRS 9, *Financial Instruments*, was issued by the IASB in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Funds are in the process of assessing the impact of IFRS 9 and have not yet determined when they will adopt the new standard.

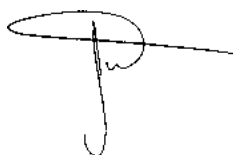
Management's Responsibility For Financial Reporting

The accompanying financial statements of the Funds (as defined in Note 1) have been prepared by 1832 Asset Management L.P., in its capacity as manager (the "Manager") of the Funds and have been approved by the Board of Directors of Scotia Corporate Class Inc. ("SCCI"), with respect to the Funds that are corporate funds (the "Corporate Funds"), and by the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., in its capacity as trustee (the "Trustee") of the Funds, with respect to the Funds that are trust funds (the "Trust Funds"). The Board of Directors of SCCI, with respect to the Corporate Funds, and the Board of Directors of 1832 Asset Management G.P. Inc., as general partner for and on behalf of 1832 Asset Management L.P., with respect to the Trust Funds, are responsible for the information and representations contained in these financial statements and the management report of fund performance.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies which the Manager believes are appropriate for the Funds are described in Note 2 to the financial statements.


The Finance Committee of the Board of Directors of 1832 Asset Management G.P. Inc. is responsible for reviewing the financial statements and the management report of fund performance and recommending them to the Boards of Directors of SCCI and 1832 Asset Management G.P. Inc. for approval, in addition to meeting with management, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

PricewaterhouseCoopers LLP is the external auditor of the Funds, appointed by the voting shareholder of SCCI and the Trustee of the Trust Funds. The auditor of the Fund has audited the financial statements in accordance with the Canadian generally accepted auditing standards to enable it to express to the securityholders its opinion on the financial statements. The auditor's report is set out herein.



Jordy Chilcott
Co-President
1832 Asset Management L.P.

March 6, 2015



Michel Martil
Chief Financial Officer
1832 Asset Management L.P.

Independent Auditor's Report

To the Unitholders and Trustee or shareholders, as applicable, of the Funds

Scotia T-Bill Fund
Scotia Premium T-Bill Fund
Scotia Money Market Fund
Scotia U.S. \$ Money Market Fund
Scotia Short Term Bond Fund
Scotia Private Short-Mid Government Bond Pool
Scotia Mortgage Income Fund
Scotia Floating Rate Income Fund
Scotia Conservative Income Fund
Scotia Bond Fund
Scotia Canadian Income Fund
Scotia Private Canadian Corporate Bond Pool
Scotia U.S. \$ Bond Fund
Scotia Global Bond Fund
Scotia Diversified Monthly Income Fund
Scotia Income Advantage Fund
Scotia Canadian Balanced Fund
Scotia Dividend Balanced Fund
(formerly, Scotia Canadian Dividend Income Fund)
Scotia Balanced Opportunities Fund
(formerly, Scotia Canadian Tactical Asset Allocation Fund)
Scotia Global Balanced Fund
Scotia U.S. \$ Balanced Fund
Scotia Private Canadian Preferred Share Pool
Scotia Canadian Dividend Fund
Scotia Canadian Blue Chip Fund
Scotia Private Canadian Equity Pool
Scotia Canadian Growth Fund
Scotia Canadian Small Cap Fund
Scotia Resource Fund
Scotia Private Real Estate Income Pool
Scotia Private North American Dividend Pool
(formerly, Scotia Private North American Equity Pool)
Scotia U.S. Dividend Fund
Scotia Private U.S. Dividend Pool
Scotia Private U.S. Equity Pool
Scotia U.S. Blue Chip Fund
Scotia U.S. Opportunities Fund
Scotia Private International Core Equity Pool
Scotia International Value Fund
Scotia European Fund
Scotia Pacific Rim Fund
Scotia Latin American Fund
Scotia Global Dividend Fund
Scotia Global Growth Fund
Scotia Global Small Cap Fund
Scotia Global Opportunities Fund
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
Scotia Selected Income Portfolio
Scotia Selected Balanced Income Portfolio
(formerly, Scotia Selected Income & Modest Growth Portfolio)
Scotia Selected Balanced Growth Portfolio
(formerly, Scotia Selected Balanced Income & Growth Portfolio)
Scotia Selected Growth Portfolio
(formerly, Scotia Selected Moderate Growth Portfolio)
Scotia Selected Maximum Growth Portfolio
(formerly, Scotia Selected Aggressive Growth Portfolio)
Scotia Partners Income Portfolio
(formerly, Scotia Partners Diversified Income Portfolio)
Scotia Partners Balanced Income Portfolio
(formerly, Scotia Partners Income & Modest Growth Portfolio)
Scotia Partners Balanced Growth Portfolio
(formerly, Scotia Partners Balanced Income & Growth Portfolio)
Scotia Partners Growth Portfolio
(formerly, Scotia Partners Moderate Growth Portfolio)
Scotia Partners Maximum Growth Portfolio
(formerly, Scotia Partners Aggressive Growth Portfolio)
Scotia INNOVA Income Portfolio
Scotia INNOVA Balanced Income Portfolio
Scotia INNOVA Balanced Growth Portfolio
Scotia INNOVA Growth Portfolio
Scotia INNOVA Maximum Growth Portfolio
Scotia Short Term Yield Class

Scotia Conservative Government Bond Capital Yield Class
Scotia Canadian Corporate Bond Capital Yield Class
Scotia Fixed Income Blend Class
Scotia Canadian Dividend Class
Scotia Canadian Equity Blend Class
Scotia Private Canadian Equity Class
Scotia Private U.S. Dividend Class
Scotia Private U.S. Equity Class
Scotia U.S. Equity Blend Class
Scotia Global Dividend Class
Scotia International Equity Blend Class
Scotia INNOVA Income Portfolio Class
Scotia INNOVA Balanced Income Portfolio Class
Scotia INNOVA Balanced Growth Portfolio Class
Scotia INNOVA Growth Portfolio Class
Scotia INNOVA Maximum Growth Portfolio Class
Scotia Aria Conservative Build Portfolio
Scotia Aria Conservative Core Portfolio
Scotia Aria Conservative Pay Portfolio
Scotia Aria Moderate Build Portfolio
Scotia Aria Moderate Core Portfolio
Scotia Aria Moderate Pay Portfolio
Scotia Aria Progressive Build Portfolio
Scotia Aria Progressive Core Portfolio
Scotia Aria Progressive Pay Portfolio
(collectively the Funds)

We have audited the accompanying financial statements of each of the Funds, which comprise the statements of financial position, comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows as at and for the periods indicated in note 1, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements of each of the Funds based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position, financial performance and cash flows of each of the Funds as at and for the periods indicated in note 1 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants,
Licensed Public Accountants
Toronto, Ontario
March 9, 2015

FOR MORE INFORMATION ABOUT

ScotiaFunds®

visit:

www.scotiafunds.com

call:

1-800-268-9269 (English)

1-800-387-5004 (French)

write:

1832 Asset Management L.P.

1 Adelaide Street East

28th Floor

Toronto, Ontario

M5C 2V9



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