SCOTIA CORPORATE CLASS FUNDS

It's not how much you **make.** It's how much you **keep.**

Tax-Smart Investing

Investing outside a registered plan often comes with an unwelcome tax bill. Scotia Corporate Class Funds give you the freedom to adjust your investments as life changes, while keeping more of your money working for you.

What are Scotia Corporate Class Funds?

Corporate class funds are the name given to funds that are structured as a corporation. Investors may switch between funds (known as classes) in the same corporation, such as Scotia Corporate Class Funds, without immediate tax consequences. This contrasts mutual fund trusts, where investors may realize a taxable capital gain when they switch from one fund to another.

Why should you consider them?

To rebalance your portfolio without triggering an immediate taxable gain.

To benefit from tax-deferred growth on your investments.

To potentially receive tax-advantaged forms of distributions.

To manage your taxable income by choosing when to realize capital gains (for instance, if you expect to be in a lower tax bracket).

Who should use them?

Consider Scotia Corporate Class Funds for your non-registered investments if:

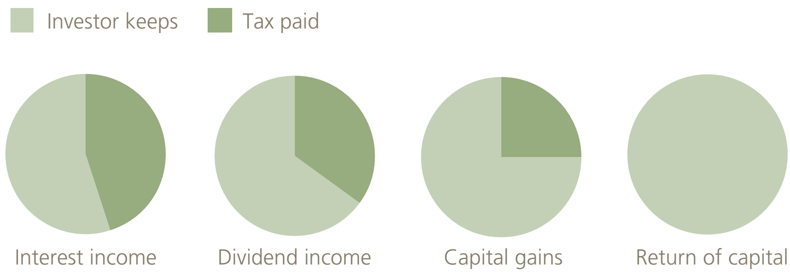
You are a higher-income earner with non-registered assets to invest.

You have maximized your registered retirement savings plan and tax-free savings account contributions.

You are investing on behalf of a company with long-term assets.

Tax-Advantaged Distributions

Taxes can take a bite out of your savings – especially if distributions are in the form of higher-taxed interest income. Scotia Corporate Class Funds are structured to distribute tax-advantaged capital gains dividends and ordinary Canadian dividends to shareholders when necessary. *It is important to note that any net interest and foreign income earned by Scotia Corporate Class Funds will be subject to tax within the corporation.*

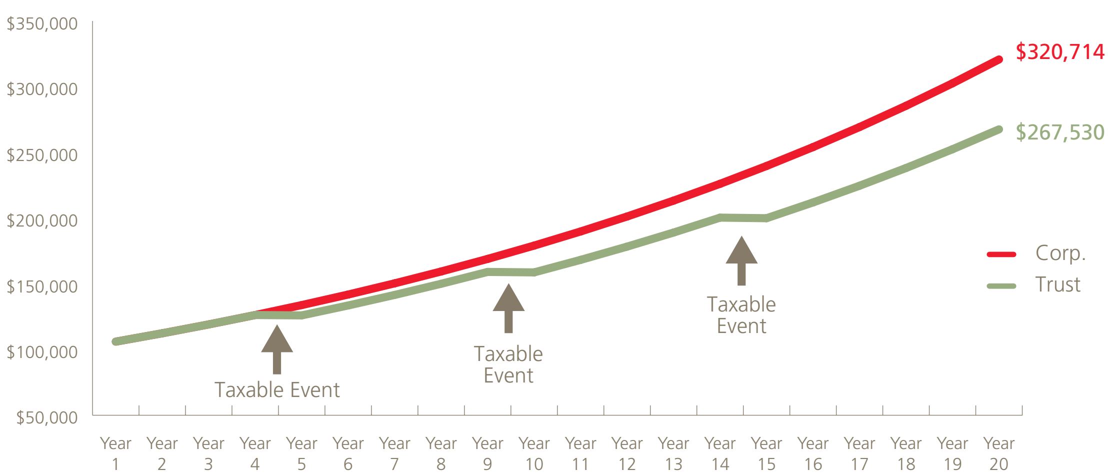


For illustrative purposes only.
Based on an example the top marginal tax rate for Ontario in 2013 (49.53%).

Return of capital (ROC) can be a return of a portion of your investment (i.e. capital) and is not immediately taxable. When you receive a distribution that includes ROC, your adjusted cost base is reduced, which may result in a larger capital gain when you sell your investment.

Tax-Deferred Growth

When you defer paying taxes, more of your investment is left to grow. This chart looks at the hypothetical returns of two non-registered portfolios – one that consists of mutual fund trusts and one that consists of corporate class funds.



The corporate class portfolio accumulated approximately 17% more than the mutual fund trust portfolio.

The above graph is for illustration purposes only and is used to highlight the benefits of tax deferral, with all else being equal. The portfolios are hypothetical in nature and are not indicative of any specific mutual fund investment. Over five-year intervals, the entire proceeds of a $100,000 mutual fund trust portfolio and $100,000 corporate class portfolio are switched to new investments with the same hypothetical rate of return (within the same corporation for the latter), resulting in a capital gain for the mutual fund trust portfolio and no immediate tax consequences for the corporate class portfolio. The illustration assumes a constant 6% annual compound rate of return, a marginal tax rate of 46.41% and no distributions for both portfolios. A taxable capital gain will be generated when the corporate class portfolio is ultimately sold and taxes will be owing.

Corporate Class – New Income Options

With Series T options, withdrawing an income from your corporate class investments is easy. Series T funds are designed to provide a regular, tax-efficient cash flow from select Scotia INNOVA Portfolio Classes with monthly distributions that may include ROC.

Benefits:

Receive regular cash flow while maintaining a professionally managed and diversified portfolio that's suited to your individual needs.

Stop, start or adjust your cash flow at your convenience by selecting the Scotia INNOVA Portfolio Class that best suits your income needs.

Switch or rebalance between Series T funds and other funds within Scotia Corporate Class Funds without triggering an immediate taxable gain.

Scotia Corporate Class Fund options

Minimum initial investment: $1,000	
Scotia Canadian Dividend Class	Scotia International Equity Blend Class
Scotia Canadian Equity Blend Class	Scotia Global Dividend Class
Scotia U.S. Equity Blend Class	

Portfolio Solutions

Minimum initial investment: $50,000	Annual Target Distribution†
Scotia INNOVA Balanced Income Portfolio Class (Series A)	(Series T) 4%
Scotia INNOVA Balanced Growth Portfolio Class (Series A)	(Series T) 5%
Scotia INNOVA Growth Portfolio Class (Series A)	(Series T) 5%
Scotia INNOVA Maximum Growth Portfolio Class (Series A)	(Series T) 5%

†Series T target distributions are set at the beginning of each calendar year and are not guaranteed. Distributions may consist of return of capital.

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The information provided is not intended to be investment advice. Investors should consult their own professional advisor for specific investment advice tailored to their needs when planning to implement an investment strategy to ensure that individual circumstances are considered properly and action is taken based on the latest available information. The information contained in this document, including information relating to tax rules are subject to change without notice.

Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed or insured by the Canada Deposit Insurance Corporation or any other government deposit insurer, their values change frequently and past performance may not be repeated.

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