

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

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Investor Relations, Scotia Plaza, 26th Floor, 40 King Street West, P.O. Box 4085, Toronto, Ontario M5W 2X6, and are also available electronically at www.sedar.com.

New Issue

June 19, 2014

SHORT FORM PROSPECTUS



\$84,800,616.45
2,644,235 Class B Preferred Shares, Series 3

\$6,996,000
165,000 Class A Capital Shares

Price: \$32.07 per Preferred Share and \$42.40 per Class A Capital Share

This short form prospectus qualifies for distribution 2,644,235 Class B Preferred Shares, Series 3 (the “Series 3 Preferred Shares”) and 165,000 Class A Capital Shares (the “Capital Shares”) of NewGrowth Corp. (the “Company”) consisting of 2,479,235 Series 3 Preferred Shares in order to relevel the existing Capital Shares and 165,000 Series 3 Preferred Shares and 165,000 Capital Shares on a matched basis. See “NewGrowth Corp. – Capital Reorganizations”. The Company is a closed-end mutual fund corporation incorporated under the laws of Ontario, having its head and registered office at 40 King Street West, Scotia Plaza, 26th Floor, Toronto, Ontario M5W 2X6.

The Company was created to invest its assets in common shares (the “Portfolio Shares”) of selected large capitalization Canadian companies (the “Portfolio”) with growth potential and an attractive dividend yield in order to generate dividend income for holders of its preferred shares and to enable the holders of the Company’s Capital Shares to participate in any capital appreciation in the Portfolio Shares.

The Portfolio will be comprised of the following companies on an approximately equal weighted basis:

Canadian Banks

Royal Bank of Canada
The Toronto-Dominion Bank
The Bank of Nova Scotia
Bank of Montreal
Canadian Imperial Bank of Commerce
National Bank of Canada

Telecommunications

BCE Inc.
Rogers Communications Inc.
TELUS Corporation

Pipelines & Utilities

Enbridge Inc.
TransCanada Corp.
Canadian Utilities Ltd.
Fortis Inc.
Emera Inc.

Oil & Gas

Suncor Energy Inc.
Canadian Natural Resources Ltd.
Husky Energy Inc.
Cenovus Energy Inc.
Canadian Oil Sands Ltd.

Holders of Series 3 Preferred Shares will be entitled to receive quarterly fixed cumulative preferential distributions equal to \$0.3327 per Series 3 Preferred Share. On an annualized basis, this would represent a yield on the offering price of the Series 3 Preferred Shares of approximately 4.15%. Such distributions are expected to consist of ordinary dividends but may include non-taxable returns of capital and capital gains dividends. Such quarterly distributions are expected to be paid by the Company on or before the 26th day of September, December, March and June in each year. Based on the expected closing date of June 26, 2014, the initial distribution will be approximately \$0.3327 per Series 3 Preferred Share and is expected to be payable on or before September 26, 2014. See “Description of the Securities Distributed – Attributes of the Series 3 Preferred Shares”.

The Series 3 Preferred Shares and Capital Shares may be surrendered for retraction at any time and will be redeemed by the Company on June 26, 2019 (the “Redemption Date”). In addition, the Series 3 Preferred Shares may be redeemed by the Company prior to the Redemption Date in certain limited circumstances including on June 26 in

each year or, where such day is not a business day, on the preceding business day, if there are any unmatched retractions of Capital Shares. See “Description of the Securities Distributed”.

Holders of Capital Shares will be entitled on redemption to the benefit of any capital appreciation in the market price of the Portfolio Shares after payment of the administrative and operating expenses of the Company and, if necessary, any accrued and unpaid dividends on the Series 3 Preferred Shares and will benefit from any increase in the dividends paid on the Portfolio Shares. Based on the current yield of the Portfolio Shares, the expected issue price of and the dividends payable on the Series 3 Preferred Shares and all administrative and operating expenses of the Company, the Company expects to be able to pay quarterly distributions per Capital Share of approximately \$0.2509 per share. See “Description of the Securities Distributed – Attributes of the Capital Shares”.

	<u>Price to the Public⁽¹⁾</u>	<u>Agents’ Fees</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Series 3 Preferred Share	\$32.07	\$0.9621	\$31.1079
Total Offering	\$84,800,616.45	\$2,544,018.49	\$82,256,597.96
Per Capital Share	\$42.40	\$2.12	\$40.28
Total Offering	\$6,996,000	\$349,800	\$6,646,200

Notes:

- ⁽¹⁾ The offering prices were established through negotiation between the Company and the Agents (defined herein). The offering price per Capital Share will be equal to or exceed the net asset value per Capital Share as at the date the offering price is established plus the Agents’ fees and an amount expected to be \$0.12 per share representing the expenses of the offering. If the actual per share expenses exceed \$0.12 per share, the amount in excess thereof will be borne by all holders of Capital Shares.
- ⁽²⁾ Before deducting the expenses of the offering payable on closing, estimated at \$311,500, which, together with the Agents’ fees (3% for the Series 3 Preferred Shares and 5% for the Capital Shares), will be paid by the Company out of the proceeds of this offering.

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Preferred Shares subject to fulfillment by the Company of the requirements of the TSX by August 23, 2014.

In the opinion of Osler, Hoskin & Harcourt LLP, the Series 3 Preferred Shares and Capital Shares offered hereby, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) (the “Tax Act”) for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts. See “Income Tax Considerations”.

See “Risk Factors” for a discussion of certain factors that should be considered by prospective purchasers of Series 3 Preferred Shares and Capital Shares. Prospective investors should consult their own tax advisors for advice with respect to the income tax consequences of investing in Series 3 Preferred Shares and Capital Shares having regard to their own particular circumstances. There is currently no market through which the Series 3 Preferred Shares may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See “Risk Factors”. The Agents may over-allot or effect transactions as described under “Plan of Distribution”.

Scotia Capital Inc. (“Scotia Capital”) is an agent of the Company. The Company is a connected issuer of Scotia Capital under applicable securities legislation by virtue of Scotia Capital’s relationship with the Company. Scotia Capital will, as agent on behalf of the Company, sell Portfolio Shares as required to fund retractions or redemptions of Series 3 Preferred Shares and Capital Shares for which Scotia Capital will be entitled to receive commissions. Scotia Capital, in certain circumstances, may sell, as principal, Portfolio Shares to the Company and may purchase, as principal, Portfolio Shares when such Portfolio Shares are sold by the Company. No commissions are payable in connection with such principal trades. Scotia Managed Companies Administration Inc., a wholly-owned subsidiary of Scotia Capital, is the promoter of the Company. In addition, Scotia Managed Companies Administration Inc. administers the operations of the Company pursuant to the Administration Agreement (defined herein) and receives fees therefor. Certain of the directors and officers of the Company and Scotia Managed Companies Administration Inc. are currently employees of Scotia Capital. Scotia Managed Companies Administration Inc. owns 100% of the Class C Shares of the Company. See “Interests of Management and Others in Material Transactions”.

Scotia Capital, CIBC World Markets Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Burgeonvest Bick Securities Limited,

Desjardins Securities Inc., Mackie Research Capital Corporation and Manulife Securities Incorporated (collectively, the “Agents”), as agents, conditionally offer the Series 3 Preferred Shares and Capital Shares subject to prior sale on a best efforts basis, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters by Osler, Hoskin & Harcourt LLP on behalf of the Company and the Agents.

Subscriptions will be received for the Series 3 Preferred Shares and Capital Shares offered hereby, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time. Closing of this offering is expected to occur on or about June 26, 2014 but no later than July 31, 2014. Registrations and transfers of Series 3 Preferred Shares and Capital Shares will be effected only through the book-entry only system administered by CDS Clearing and Depository Services Inc. (“CDS”). Beneficial owners of Series 3 Preferred Shares and Capital Shares will not have the right to receive physical certificates evidencing their ownership of such shares.

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PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus or incorporated by reference in the prospectus.

NewGrowth Corp.

- Issuer:** NewGrowth Corp. is a closed-end mutual fund corporation established under the laws of the Province of Ontario on June 27, 1991.
- Offering:** \$84,800,616.45 (2,644,235 Series 3 Preferred Shares of the Company)
\$6,996,000 (165,000 Capital Shares of the Company)
- The offering consists of 2,479,235 Series 3 Preferred Shares in order to relever the existing Capital Shares and 165,000 Series 3 Preferred Shares and 165,000 Capital Shares on a matched basis. See “NewGrowth Corp. – Capital Reorganizations”.
- Price:** \$32.07 per Series 3 Preferred Share
\$42.40 per Capital Share
- Unit and Unit Value:** On the closing of this offering, a “Unit” will be considered to consist of one Capital Share and one Series 3 Preferred Share. “Unit Value” will generally be equal to the net amount received by the Company on the disposition of that number of Portfolio Shares represented by the Unit’s *pro rata* share of the Portfolio Shares or, if it is determined that it is not practicable to sell the Portfolio Shares, Unit Value will be determined with reference to the closing price for the Portfolio Shares on the trading day immediately preceding the 15th day of the applicable month (a “Valuation Date”) less brokerage fees, commissions and all other transaction costs relating to such sale plus (minus), in each case, the Unit’s *pro rata* share of the Residual Amount (defined herein). See “Description of the Securities Distributed – Calculation of Unit Value”.
- Investment Objectives:** The Company holds a portfolio of publicly listed common shares of selected large capitalization Canadian companies with growth potential and an attractive dividend yield in order to generate dividend income for holders of its preferred shares and to enable the holders of the Capital Shares to participate in any capital appreciation in the Portfolio Shares. See “Investment Objectives”.
- Use of Proceeds:** The net proceeds of the offering, estimated to be \$88,591,297.96 (after deducting the Agents’ fees and expenses of the issue), along with the proceeds from the sale of the Portfolio Shares, if necessary, will be used to fund the redemption of Capital Shares surrendered for redemption pursuant to the Special Retraction Right (defined herein) and all of the Class B preferred shares, series 2 (the “Series 2 Preferred Shares”). To the extent the net proceeds of the offering exceed the funding requirements associated with these redemptions the Company may purchase additional Portfolio Shares. See “Use of Proceeds”.
- Portfolio:** The following table sets out the market capitalization, dividend yield, current portfolio weighting and expected portfolio weighting of the companies that comprise the Company’s current portfolio and the Company’s proposed portfolio as at May 30, 2014:

Issuer	Market Capitalization (C\$ millions)	Dividend Yield	Weighting of Current Portfolio	Expected Weighting of Proposed Portfolio
<i>Financials</i>				
Royal Bank of Canada	\$108,470	3.77%	6.23%	5.26%
Toronto-Dominion Bank	\$101,462	3.40%	7.17%	5.26%
Bank of Nova Scotia	\$86,173	3.62%	6.54%	5.26%
Bank of Montreal	\$49,818	4.06%	6.39%	5.26%
Canadian Imperial Bank of Commerce	\$38,446	4.13%	6.69%	5.26%
National Bank of Canada	\$15,069	4.19%	3.16%	5.26%
<i>Telecommunications</i>				
BCE Inc.	\$39,218	4.89%	7.88%	5.26%
TELUS Corporation	\$25,437	3.71%	9.90%	5.26%
Rogers Communication Inc.	\$23,157	4.11%	5.38%	5.26%
Manitoba Telecom Services Inc.	\$2,505	5.26%	3.59%	-
<i>Pipelines & Utilities</i>				
Enbridge Inc.	\$42,284	2.75%	9.82%	5.26%
TransCanada Corporation	\$35,697	3.79%	5.61%	5.26%
Canadian Utilities Ltd.	\$10,219	2.73%	8.27%	5.26%
Fortis Inc.	\$6,819	4.02%	4.92%	5.26%
Emera Inc.	\$4,794	4.31%	6.12%	5.26%
TransAlta Corp.	\$3,477	5.67%	2.32%	-
<i>Oil & Gas</i>				
Suncor Energy Inc.	\$64,098	2.12%	-	5.26%
Canadian Natural Resources Ltd.	\$50,699	1.94%	-	5.26%
Husky Energy Inc.	\$35,377	3.34%	-	5.26%
Genovus Energy Inc.	\$24,754	3.27%	-	5.26%
Canadian Oil Sands Ltd.	\$11,335	6.03%	-	5.26%
Total			100.00%	100.00%

Series 3 Preferred Shares

Dividends: Holders of Series 3 Preferred Shares will be entitled to receive quarterly fixed cumulative preferential distributions equal to \$0.3327 per Series 3 Preferred Share. Quarterly distributions on the Series 3 Preferred Shares are expected to be paid by the Company on or before the 26th day of September, December, March and June, in each year. On an annualized basis, this would represent a yield on the offering price of the Series 3 Preferred Shares of 4.15%. Based on the expected closing date of June 26, 2014, the initial dividend will be \$0.3327 per Series 3 Preferred Share and is expected to be payable on or about September 26, 2014. See “Description of the Securities Distributed – Attributes of the Series 3 Preferred Shares”.

Rating: The Series 3 Preferred Shares have been provisionally rated Pfd-2 by DBRS Limited.

Retraction: The Series 3 Preferred Shares may be surrendered for retraction at any time by the holders. Retraction payments for Series 3 Preferred Shares will be made on the 26th day of a month or, where such day is not a business day, on the preceding business day (a “Retraction Payment Date”) provided the Series 3 Preferred Shares have been surrendered for retraction no later than the 15th day of that month (the “Valuation Date”).

A holder who surrenders a Series 3 Preferred Share for retraction will receive on the Retraction Payment Date the amount, if any, by which 95% of the Unit Value exceeds the aggregate of (i) the average cost to the Company, including commissions, of purchasing a Capital Share in the market; and (ii) \$1.00. See “Description of the Securities Distributed – Attributes of the Series 3 Preferred Shares”.

Redemption: Any Series 3 Preferred Shares still outstanding on the Redemption Date will be redeemed by the Company on the Redemption Date at a price per share equal to the lesser of the issue price of a Series 3 Preferred Share and the Unit Value. See “Description of the Securities Distributed – Attributes of the Series 3 Preferred Shares”.

In addition, the Company may also redeem Series 3 Preferred Shares on any Annual Retraction Payment Date (defined herein) at a price per share equal to the issue price of a Series 3 Preferred Share. The Company will only redeem Series 3 Preferred Shares in these circumstances to the extent that unmatched Capital Shares have been tendered for retraction under the Special Annual Retraction (defined herein). Where less than all the Series 3 Preferred Shares are to be so redeemed, Series 3 Preferred Shares shall be redeemed on a pro rata basis or in such other manner as is approved by the Board of Directors of the Company. The Company may also redeem Series 3 Preferred Shares in the circumstances described under “Changes Affecting Portfolio Securities.”

Priority: The Series 3 Preferred Shares will rank prior to the Capital Shares, the Class B shares (“Class B Shares”) and the Class C shares (“Class C Shares”) with respect to payment of dividends, distributions upon a redemption, retraction or return of capital and distributions upon a dissolution, liquidation or winding-up of the Company. See “Description of the Securities Distributed – Attributes of the Series 3 Preferred Shares”.

Capital Shares

Investment Objective: The Capital Shares provide their holders with a leveraged investment, the value of which is linked to changes in the market price of the Portfolio Shares. Holders of Capital Shares will be entitled on redemption to the benefit of any capital appreciation in the market price of the Portfolio Shares after payment of administrative and operating expenses of the Company. The fixed distributions on

the Series 3 Preferred Shares will be funded from the dividends received on the Portfolio Shares. In the event that the dividends paid on the Portfolio Shares held by the Company exceed the amount of the fixed Series 3 Preferred Share distributions and all expenses of the Company, the excess amount may be paid as dividends on the Capital Shares, as determined by the Board of Directors of the Company, subject to the dividend policy of the Board of Directors. See “Description of the Securities Distributed – Attributes of the Capital Shares”.

Dividends: Holders of Capital Shares are entitled to receive any dividends that the Board of Directors of the Company may declare subject to the prior rights of the holders of Series 3 Preferred Shares. It is the policy of the Board of Directors to declare and pay a quarterly dividend on the Capital Shares equal to the dividends received on the Portfolio Shares minus the dividends payable on the Series 3 Preferred Shares and all administrative and operating expenses provided the net asset value per Unit at the time of declaration, after giving effect to the dividend, would be greater than the original issue price of the Series 3 Preferred Shares.

In addition, if the Company realizes capital gains on the sale of Portfolio Shares and would be liable to pay tax thereon, the Company may declare a capital gains dividend on the Capital Shares.

Retraction: The Capital Shares may be surrendered for retraction at any time by the holders. Holders may surrender their Capital Shares for retraction by exercising a Regular Retraction, a Concurrent Retraction or a Special Annual Retraction all as described under “Description of the Securities Distributed – Attributes of the Capital Shares”. Provided the Capital Shares have been surrendered for retraction on or before the 15th day of such month, such shares will be retracted on the 26th day of such month.

See “Description of the Securities Distributed – Attributes of the Capital Shares”.

Redemption: Any Capital Shares outstanding on the Redemption Date will be redeemed by the Company on such date. On such redemption, each holder will receive for each Capital Share redeemed, at the holder’s option, either:

- (i) the amount, if any, by which the Unit Value exceeds the issue price of a Series 3 Preferred Share; or
- (ii) provided the holder tenders to the Company at least 20 business days prior to the Redemption Date a cash amount equal to the issue price of a Series 3 Preferred Share for each Capital Share redeemed, such holder’s *pro rata* share of the Portfolio Shares (rounded down to the nearest whole share) plus (minus) the *pro rata* share of the Residual Amount (payable at the Company’s discretion in cash or by adjustment to the number of Portfolio Shares to be delivered to the holder) as at the Redemption Date and less the redemption value of the Class B Shares and the Class C Shares, all as determined by the Board of Directors of the Company. For greater certainty, the Series 3 Preferred Shares will not be treated as liabilities and any tax loss carryforwards will not be treated as an asset for these purposes. Any cash so tendered is to be tendered to CDS through a participant in CDS (a “CDS Participant”).

See “Description of the Securities Distributed – Attributes of the Series 3 Preferred Shares – Redemption”.

Priority: The Capital Shares will rank subsequent to the Series 3 Preferred Shares and prior to the Class B Shares and the Class C Shares with respect to the payment of dividends, distributions upon a redemption, or retraction or return of capital and distributions upon a dissolution, liquidation or winding-up of the Company. See “Description of

the Securities Distributed – Attributes of the Capital Shares”.

Income Tax Considerations

The following summary is subject in its entirety to the qualifications and assumptions found under “Income Tax Considerations”.

Taxation of the Company: The Company currently qualifies and intends to continue to qualify, as a mutual fund corporation under the Tax Act. As a mutual fund corporation, the Company will be entitled to capital gains refunds in respect of: (i) capital gains dividends paid by it; and (ii) qualifying redemptions. As a result thereof and of the deduction of expenses in computing its taxable income, the Company should not be subject to any material net income tax liability.

Taxation of Shareholders Resident in Canada:

Distributions

Dividends other than capital gains dividends (“Ordinary Dividends”), received by individuals on the Series 3 Preferred Shares or Capital Shares will be subject to the normal gross-up and dividend tax credit rules applicable to dividends (including eligible dividends) received on shares of a taxable Canadian corporation.

Ordinary Dividends received by corporations, other than specified financial institutions, on the Series 3 Preferred Shares or Capital Shares will generally be deductible in computing taxable income.

Ordinary Dividends received by specified financial institutions on the Series 3 Preferred Shares or Capital Shares will be deductible in computing taxable income, provided that certain conditions applicable to term preferred shares are met, such as the 10% ownership restriction.

Ordinary Dividends received by private corporations (and certain other corporations) on the Series 3 Preferred Shares or Capital Shares will be subject to a refundable tax under Part IV of the Tax Act, generally at the rate of 33 $\frac{1}{3}$ %.

Ordinary Dividends received by certain corporations other than private corporations on the Series 3 Preferred Shares or Capital Shares will be subject to a 10% tax under Part IV.1 of the Tax Act.

Return of capital payments to a holder of Series 3 Preferred Shares or Capital Shares will not be subject to tax but will reduce the adjusted cost base of the Series 3 Preferred Shares or Capital Shares to the holder. To the extent that such adjusted cost base would otherwise be a negative amount, the holder will be deemed to have realized a capital gain at that time and the adjusted cost base will be increased by the amount of such deemed capital gain.

The amount of any capital gains dividend received by a holder of Series 3 Preferred Shares or Capital Shares will be considered to be a capital gain of the holder from the disposition of capital property in the taxation year of the holder in which the capital gains dividend is received.

Dispositions

A disposition of a Series 3 Preferred Share or Capital Share held as capital property whether to the Company or otherwise, may result in a capital gain or a capital loss to the holder thereof. A redemption or retraction of Series 3 Preferred Shares or Capital Shares is considered a disposition for these purposes.

For a detailed explanation of certain Canadian federal income tax considerations, see “Income Tax Considerations”.

Risk Factors: An investment in Series 3 Preferred Shares and Capital Shares is subject to certain risk factors which prospective investors should consider before purchasing such shares. An investment in Series 3 Preferred Shares and Capital Shares does not constitute an investment in the Portfolio Shares. The value of the Series 3 Preferred Shares and Capital Shares will be influenced by factors which are not within the control of the Company, including the financial performance of the Portfolio Shares, interest rates and other financial market conditions. See “Risk Factors” and “Interest of Management and Others in Material Transactions”.

Organization and Administration of the Company

Administrator: Scotia Managed Companies Administration Inc. (the “Administrator”), a wholly-owned subsidiary of Scotia Capital Inc., is the administrator of the Company and administers the ongoing operations of the Company.

Promoter: The Administrator may be considered to be a “promoter” of the Company within the meaning of the securities legislation of certain provinces of Canada.

Custodian: State Street Trust Company Canada, as its principal office in Toronto, Ontario is the custodian of the assets of the Company pursuant to a custodian agreement.

Registrar and Transfer Agent: Computershare Investor Services Inc., at its principal offices in Toronto, Ontario is the registrar and transfer agent for the Series 3 Preferred Shares and the Capital Shares.

Auditor: PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, at its principal offices in Toronto, Ontario is the auditor of the Company.

Agents: Scotia Capital, CIBC World Markets Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Burgeonvest Bick Securities Limited, Desjardins Securities Inc., Mackie Research Capital Corporation and Manulife Securities Incorporated (the “Agents”) conditionally offer the Series 3 Preferred Shares and the Capital Shares on a best efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement (as hereinafter defined), and subject to the approval of certain legal matters on behalf of the Company, the Administrator and the Agents by Osler, Hoskin & Harcourt LLP. See “Plan of Distribution”.

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees, charges and expenses payable by the Company.

<u>Type of Fee</u>	<u>Amount and Description</u>
Fee paid to the Agents for selling Series 3 Preferred Shares and Capital Shares:	\$0.9621 per Series 3 Preferred Share. \$2.12 per Capital Share.
Offering expenses	An amount equal to the offering expenses payable by the Company is included in the subscription price of the Capital Shares hereunder.
Fee paid to the Administrator for administration of the ongoing operations of the Company:	A quarterly fee of $\frac{1}{4}$ of 0.25% of the market value of the Portfolio Shares.
Operating expenses of the Company:	In addition to the administration fee referred to above, the Company is responsible for all ordinary expenses incurred in connection with the operation and administration of the Company.

FORWARD LOOKING STATEMENTS

Certain of the statements contained in this short form prospectus, including documents incorporated by reference may be “forward-looking statements” and “forward-looking information” within the meaning of Canadian securities legislation. Forward-looking statements include, but are not limited to statements with respect to the future financial or operating performance of the Company. Generally, the use of words such as “may,” “will,” “should,” “could,” “anticipate,” “believe,” “expect,” “intend,” “plan,” “potential,” “continue” and similar expressions have been used to identify these forward-looking statements. By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are outside the control of the Company, that may cause actual results or events to differ materially from those anticipated in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. See “Risk Factors”. Forward-looking statements are not historical facts but reflect the current expectations of the Administrator or the Company regarding future results or events. Although the Company believes the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that actual results will be consistent with these expectations and forward-looking statements. Potential subscribers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company and the Administrator assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar authorities in each of the provinces in Canada are specifically incorporated by reference and form an integral part of this short form prospectus:

- (a) the management information circular of the Company dated February 24, 2014;
- (b) the annual information form of the Company dated August 22, 2013 for the year ended June 26, 2013;
- (c) the annual financial statements of the Company, together with the accompanying report of the auditor dated August 22, 2013, for the fiscal year ended June 26, 2013;
- (d) the management report of fund performance of the Company for the fiscal year ended June 26, 2013;
- (e) the interim financial statements of the Company dated January 30, 2014 for the six months ended December 26, 2013; and
- (f) the interim management report of fund performance of the Company for the six months ended December 26, 2013.

Any of the documents of the type referred to above including any material change reports (excluding confidential material change reports), annual information forms, interim and annual financial statements and related management reports of fund performance, business acquisition reports and information circulars filed by the Company with a securities commission or similar authority in Canada after the date of this prospectus and prior to the completion or termination of the offering, will be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of

the circumstances in which it was made. Any statement so modified or superseded will not constitute a part of this short form prospectus, except as so modified or superseded. Information on any of the websites maintained by the Company or the Administrator does not constitute a part of this short form prospectus.

NEWGROWTH CORP.

Incorporation

NewGrowth Corp. (the “Company”) was incorporated under the laws of the Province of Ontario on June 27, 1991. On June 26, 1992, the Company completed a \$180 million public offering with the issuance of 5,500,000 capital shares at \$7.73 per share and 5,500,000 equity dividend shares at \$25.00 per share pursuant to a prospectus dated June 19, 1992. The net proceeds were used to acquire a portfolio of common shares of Canadian chartered banks, telecommunication, utility and pipeline companies. The Company has its registered offices at 40 King Street West, Scotia Plaza, 26th Floor, P.O. Box 4085, Toronto, Ontario, M5W 2X6.

Capital Reorganizations

On March 16, 1998, the holders of the capital shares and equity dividend shares approved a share capital reorganization that permitted holders of capital shares to retain their investment in the Company after the scheduled redemption date of June 26, 1998 by converting their capital shares into Capital Shares. On March 24, 1998, certain amendments were made to the Company’s Articles of Incorporation creating the Capital Shares and the preferred shares and reclassifying the Class A Shares as class B shares (the “Class B Shares”). On March 27, 1998 the holders of 1,778,137 capital shares converted such capital shares on a one-for-four basis into 7,112,548 Capital Shares. On June 26, 1998, the Company completed a \$98,010,911 public offering through the issuance of 7,112,548 preferred shares at a price of \$13.78 per share pursuant to a prospectus dated June 16, 1998 and redeemed the remaining capital shares and all equity dividend shares.

On April 29, 2004, the holders of Capital Shares approved a proposal to reorganize the Company, under which the Articles of the Company were amended to (i) extend the redemption date of the Capital Shares to June 26, 2009 and (ii) provide holders of Capital Shares not wishing to continue their investment in the Company with an additional special retraction right enabling holders to redeem their shares on the same terms that would have applied had the Company redeemed all Capital Shares on June 25, 2004. In addition, the Portfolio was rebalanced to reduce exposure to any single issuer to a maximum of 10% and to dispose of the shares of Nortel Networks, which were deemed inconsistent with the Company’s original investment mandate.

On May 11, 2009, the holders of Capital Shares approved a proposal to reorganize the Company, under which the Articles of the Company were amended to (i) extend the redemption date of the Capital Shares to June 26, 2014 and (ii) provide holders of Capital Shares not wishing to continue their investment in the Company with an additional special retraction right enabling holders to redeem their shares on the same terms that would have applied had the Company redeemed all Capital Shares on June 25, 2014. In addition, the Portfolio was rebalanced to an equal weight position and adjustments were made to the portfolio holdings to provide a more diversified exposure to Canadian chartered banks, telecommunication, utility and pipeline companies.

The preferred shares were redeemed on June 25, 2009, in accordance with their terms. In order to maintain the leveraged “split share” structure of the Company, the Company completed a \$30.7 million public offering through the issuance of 2,238,510 Series 2 Preferred Shares at a price of \$13.70 per share pursuant to a prospectus dated June 16, 2009.

On March 26, 2014, the holders of Capital Shares approved a capital reorganization (the “Reorganization”) which permitted the holders of Capital Shares, at their option, to retain their investment in the Company after the scheduled redemption date of June 26, 2014 for up to an additional five years. The Reorganization provides holders of Capital Shares with a special right of retraction (the “Special Retraction Right”) to replace the originally scheduled final redemption. The Reorganization also involves an adjustment of the Portfolio such that the Portfolio will be expanded to include selected issuers in the oil and gas sector and will be rebalanced to equal weight. On April 18, 2014, 72,755 Capital Shares were tendered to the Company for retraction on June 26, 2014 pursuant to the Special Retraction Right.

All of the Series 2 Preferred Shares will be redeemed by the Company on June 26, 2014 in accordance with their terms and the Capital Shares whose holders have elected to exercise the Special Retraction Right will also be redeemed. As of the date hereof, there are 2,573,378 Capital Shares (2,479,235 after giving effect to the Special Retraction Right), 2,573,378 Series 2 Preferred Shares, 1,000 Class B Shares and 100 Class C Shares issued and outstanding. Accordingly, the Company is offering 2,479,235 Series 3 Preferred Shares in order to relever the

existing Capital Shares and an additional 165,000 Series 3 Preferred Shares and 165,000 Capital Shares on a matched basis.

Scotia Managed Companies Administration Inc., a wholly owned subsidiary of Scotia Capital is the administrator of the Company and provides services to the Company pursuant to the provisions of an administration agreement (the “Administration Agreement”), which has a term expiring upon the redemption or retraction of all the Series 2 Preferred Shares and Capital Shares.

The Capital Shares and the Series 2 Preferred Shares of the Company are currently listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbols “NEW.A” and “NEW.PR.C”, respectively.

On May 9, 2014, Mr. Williams resigned as President and Chief Executive Officer of the Company and Mr. McChesney was appointed as President and Chief Executive Officer of the Company.

INVESTMENT OBJECTIVES AND RESTRICTIONS

The Company holds a portfolio of common shares of selected large capitalization Canadian companies with growth potential and an attractive dividend yield in order to generate dividend income for holders of its preferred shares and to enable the holders of the Capital Shares to participate in any capital appreciation in the Portfolio Shares.

The policy of the Company is to maintain a fixed portfolio and not engage in trading except in limited circumstances, including to fund retractions or redemptions of any Capital Shares and Series 3 Preferred Shares.

Although the Company is considered to be a mutual fund, it does not generally operate in accordance with the policies of the Canadian securities regulators applicable to conventional mutual funds.

INVESTMENT STRATEGIES AND OVERVIEW OF WHAT THE COMPANY INVESTS IN

Portfolio Holdings

As at May 30, 2014, the Portfolio consisted of the Portfolio Shares described below having an aggregate market value of approximately \$135,873,392.46. On or about the closing of this offering, the Company will adjust and rebalance the Portfolio in order to maintain its large capitalization bias by increasing the minimum market capitalization for inclusion and further diversifying the Portfolio through the inclusion of the oil and gas sector. As a result, Manitoba Telecom Services Inc. and TransAlta Corporation will be removed and Suncor Energy Inc., Canadian Natural Resources Ltd., Husky Energy Inc., Cenovus Energy Inc. and Canadian Oil Sands Ltd. will be added to the Portfolio. Concurrently with these changes, the Company will rebalance the Portfolio to an equal weight holding of each issuer in order to minimize single issuer exposure.

Issuer	Market Capitalization (C\$ millions)	Dividend Yield	Weighting of Current Portfolio	Expected Weighting of Proposed Portfolio
Financials				
Royal Bank of Canada	\$108,470	3.77%	6.23%	5.26%
Toronto-Dominion Bank	\$101,462	3.40%	7.17%	5.26%
Bank of Nova Scotia	\$86,173	3.62%	6.54%	5.26%
Bank of Montreal	\$49,818	4.06%	6.39%	5.26%
Canadian Imperial Bank of Commerce	\$38,446	4.13%	6.69%	5.26%
National Bank of Canada	\$15,069	4.19%	3.16%	5.26%
Telecommunications				
BCE Inc.	\$39,218	4.89%	7.88%	5.26%
TELUS Corporation	\$25,437	3.71%	9.90%	5.26%
Rogers Communication Inc.	\$23,157	4.11%	5.38%	5.26%
Manitoba Telecom Services Inc.	\$2,505	5.26%	3.59%	-
Pipelines & Utilities				
Enbridge Inc.	\$42,284	2.75%	9.82%	5.26%
TransCanada Corporation	\$35,697	3.79%	5.61%	5.26%
Canadian Utilities Ltd.	\$10,219	2.73%	8.27%	5.26%
Fortis Inc.	\$6,819	4.02%	4.92%	5.26%
Emera Inc.	\$4,794	4.31%	6.12%	5.26%
TransAlta Corp.	\$3,477	5.67%	2.32%	-
Oil & Gas				
Suncor Energy Inc.	\$64,098	2.12%	-	5.26%
Canadian Natural Resources Ltd.	\$50,699	1.94%	-	5.26%
Husky Energy Inc.	\$35,377	3.34%	-	5.26%
Cenovus Energy Inc.	\$24,754	3.27%	-	5.26%
Canadian Oil Sands Ltd.	\$11,335	6.03%	-	5.26%
Total			100.00%	100.00%

Notes:

- (1) Current weighting based on the aggregate market value of the Portfolio Shares as at May 30, 2014.
- (2) Calculated as at May 30, 2014 based on the most recently declared dividend annualized.

The net proceeds of the offering along with the proceeds from the sale of the Portfolio Shares, if necessary, will be used to fund the redemption of Capital Shares surrendered for redemption pursuant to the Special Retraction Right and all of the Series 2 Preferred Shares. To the extent the net proceeds of the offering exceed the funding requirements associated with these redemptions the Company may purchase additional Portfolio Shares. In addition, the Company may buy and sell Portfolio Shares to effect the rebalancing of the Portfolio to an equal weight position in conjunction with the Reorganization.

Trading History of the Portfolio Shares

The following table sets forth the closing market prices on the TSX on the dates indicated below in respect of the Portfolio Shares:

Issuer	Closing Price 30-May-14	Closing Price as at December 31 ⁽¹⁾				
		2013	2012	2011	2010	2009
Canadian Banks						
Royal Bank of Canada	\$74.64	\$71.41	\$59.88	\$51.98	\$52.32	\$56.40
Toronto-Dominion Bank	\$53.76	\$50.06	\$41.88	\$38.15	\$37.13	\$32.98
Bank of Nova Scotia	\$69.63	\$66.43	\$57.46	\$50.83	\$57.10	\$49.22
Bank of Montreal	\$76.28	\$70.81	\$60.86	\$55.88	\$57.48	\$55.85
Canadian Imperial Bank of Commerce	\$95.66	\$90.72	\$79.97	\$73.79	\$78.33	\$68.15
National Bank of Canada	\$45.50	\$44.20	\$38.62	\$36.07	\$34.26	\$30.12
Telecommunications						
BCE Inc.	\$49.84	\$46.00	\$42.63	\$42.47	\$35.34	\$29.00
TELUS Corporation	\$40.95	\$36.56	\$32.55	\$28.82	\$22.74	\$17.06
Rogers Communication Inc.	\$43.82	\$48.07	\$45.16	\$39.25	\$34.60	\$32.69
Manitoba Telecom Services Inc.	\$32.25	\$29.69	\$32.46	\$29.67	\$28.50	\$33.50
Pipelines & Utilities						
Enbridge Inc.	\$51.53	\$46.41	\$43.02	\$38.09	\$28.14	\$24.32
TransCanada Corporation	\$50.48	\$48.54	\$47.02	\$44.53	\$37.99	\$36.19
Canadian Utilities Ltd.	\$39.25	\$35.67	\$35.97	\$30.77	\$27.20	\$21.88
Fortis Inc.	\$32.54	\$30.45	\$34.22	\$33.37	\$33.98	\$28.68
Emera Inc.	\$34.03	\$30.57	\$34.74	\$33.04	\$31.35	\$25.07
TransAlta Corp.	\$13.00	\$13.48	\$15.12	\$21.02	\$21.15	\$23.48
Oil & Gas						
Suncor Energy Inc.	\$41.73	\$37.24	\$32.71	\$29.38	\$38.28	\$37.21
Canadian Natural Resources Ltd.	\$44.13	\$35.94	\$28.64	\$38.15	\$44.35	\$38.00
Husky Energy Inc.	\$36.57	\$33.70	\$29.40	\$24.55	\$26.55	\$30.08
Cenovus Energy Inc.	\$32.27	\$30.40	\$33.29	\$33.83	\$33.28	\$26.50
Canadian Oil Sands Ltd.	\$22.81	\$19.98	\$20.17	\$23.25	\$26.45	\$29.91

Note:

(1) Share prices are adjusted for stock splits.

The information contained in the above section, extracted from Bloomberg, is historical and is not intended to be, nor should it be construed to be, an indication as to the future trading levels of the Portfolio Shares.

Dividend History of the Portfolio Shares

The following sets forth the dividend history on a per share basis for the periods indicated below in respect of the Portfolio Shares:

Issuer	For Years Ended December 31⁽¹⁾				
	2013	2012	2011	2010	2009
Canadian Banks					
Royal Bank of Canada	\$2.53	\$2.28	\$2.08	\$2.00	\$2.00
Toronto-Dominion Bank	\$1.62	\$1.45	\$1.31	\$1.22	\$1.22
Bank of Nova Scotia	\$2.39	\$2.19	\$2.05	\$1.96	\$1.96
Bank of Montreal	\$2.94	\$2.82	\$2.80	\$2.80	\$2.80
Canadian Imperial Bank of Commerce	\$3.80	\$3.64	\$3.51	\$3.48	\$3.48
National Bank of Canada	\$1.70	\$1.54	\$1.37	\$1.24	\$1.24
Telecommunications					
BCE Inc.	\$2.33	\$2.22	\$2.05	\$1.79	\$1.58
TELUS Corporation	\$1.36	\$1.22	\$1.10	\$1.00	\$0.95
Rogers Communication Inc.	\$1.74	\$1.58	\$1.42	\$1.28	\$1.16
Manitoba Telecom Services Inc.	\$1.70	\$1.70	\$1.70	\$2.15	\$2.60
Pipelines & Utilities					
Enbridge Inc.	\$1.26	\$1.13	\$0.98	\$0.85	\$0.74
TransCanada Corporation	\$1.84	\$1.76	\$1.68	\$1.60	\$1.52
Canadian Utilities Ltd.	\$0.97	\$0.89	\$0.81	\$0.76	\$0.71
Fortis Inc.	\$1.24	\$1.20	\$1.16	\$1.12	\$1.04
Emera Inc.	\$1.41	\$1.36	\$1.31	\$1.16	\$1.03
TransAlta Corp.	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16
Oil & Gas					
Suncor Energy Inc.	\$0.73	\$0.50	\$0.43	\$0.40	\$0.30
Canadian Natural Resources Ltd.	\$0.58	\$0.42	\$0.36	\$0.30	\$0.21
Husky Energy Inc.	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
Cenovus Energy Inc.	\$0.97	\$0.88	\$0.80	\$0.80	\$0.21
Canadian Oil Sands Ltd.	\$1.40	\$1.35	\$1.10	\$1.85	\$0.90

Note:

(1) Dividends are adjusted for stock splits, but do not include extraordinary distributions.

The information contained in the above section, extracted from Bloomberg, is historical and is not intended to be, nor should it be construed to be, an indication as to the future dividend levels on the Portfolio Shares.

The Portfolio Shares are held by State Street Trust Company Canada (the “Custodian”) pursuant to provisions of the Custodian Agreement described under “Custodian and Transfer Agent and Registrar”. Through the Custodian, the Company will hold and dispose of such shares and the Company will pay distributions as described herein.

Voting Rights of the Portfolio Shares

Holders of the Series 3 Preferred Shares and the Capital Shares will have no voting rights in respect of the Portfolio Shares. From time to time, the independent directors of the Company will determine whether or not to vote the Portfolio Shares and, if so, how such Portfolio Shares will be voted.

Changes Affecting the Portfolio Securities

If any issuer (a “Portfolio Issuer”) of Portfolio Shares or other securities held by the Company from time to time makes a special distribution to its securityholders, is a party to or affected by any reorganization, amalgamation, plan of arrangement, securities exchange take-over bid, merger or sale of material assets or any other business combination (a “business combination”) or a cash take-over bid is made for the securities (the “Portfolio Securities”) of a Portfolio Issuer, the Board of Directors of the Company may take such action as it considers to be in the best interests of the Company. In taking such action, the Board of Directors shall consider the guidelines

outlined below, provided that such guidelines shall not limit the general discretion conferred upon the Board of Directors with respect to any Portfolio Securities.

Upon any subdivision, consolidation, reclassification or other similar change to any of the Portfolio Securities held by the Company (a “reclassification”), the securities received in respect of the Portfolio Securities as a result of such reclassification will, together with any residual, be treated as Portfolio Securities for all purposes relating to the Capital Shares and the Series 3 Preferred Shares including the prices payable on redemptions and retractions of Capital Shares and Series 3 Preferred Shares.

Upon any distribution (an “extraordinary distribution”) by a Portfolio Issuer in respect of Portfolio Securities, other than a cash dividend or a stock dividend paid in the ordinary course by a Portfolio Issuer, any similar Portfolio Securities received will, together with the Portfolio Securities in respect of which the distribution was made, be treated in the same manner as securities received upon any reclassification. Any other securities or property received upon an extraordinary distribution will either be sold, in which case the Company shall use the net proceeds to acquire additional Portfolio Securities as determined by the Board of Directors, or may be held by the Company.

Upon the implementation of any business combination affecting a Portfolio Issuer, or to which a Portfolio Issuer is a party, the securities of a Portfolio Issuer or any successor thereto received in respect of Portfolio Securities will, together with any residual, be treated in the same manner as securities received as the result of a reclassification and any other securities, property or cash received in respect of Portfolio Securities will be treated in the same manner as securities, property or cash received upon any extraordinary distribution by a Portfolio Issuer in respect of Portfolio Securities.

Any transferable rights issued to the Company pursuant to a rights offering by a Portfolio Issuer may be sold and the net proceeds of such sale will be used to purchase additional Portfolio Securities as determined by the Board of Directors which will, together with the Portfolio Securities in respect of which such rights were received, be treated in the same manner as securities received as the result of a reclassification.

In the event of a cash take-over bid for any of the Portfolio Shares, the Board of Directors of the Company will, if it determines that such bid is in the best interests of holders of the Capital Shares, tender such Portfolio Shares to such bid and will use the net available proceeds to acquire additional Portfolio Shares as determined by the Board of Directors.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

The authorized capital of the Company currently includes an unlimited number of Capital Shares, an unlimited number of Class B preferred shares issuable in series, 1,000 Class B Shares and 100 Class C Shares. One thousand Class B Shares were originally issued for nominal consideration and remain outstanding and one hundred Class C Shares were originally issued for nominal consideration and remain outstanding. See “Principal Shareholders”. As of the date hereof, there are 2,573,378 Capital Shares and 2,573,378 Series 2 Preferred Shares issued and outstanding. On June 26, 2014, all of the issued and outstanding Series 2 Preferred Shares will be redeemed by the Company in accordance with their terms as well as those Capital Shares which have been surrendered for redemption pursuant to the Special Retraction Right. See “The Company – Capital Reorganization”.

The material attributes of the Series 3 Preferred Shares and Capital Shares are described below.

Calculation of Unit Value

On the closing of this offering, a “Unit” will be considered to consist of one Capital Share and one Series 3 Preferred Share.

Valuation Policies and Procedures

“Unit Value” is defined as:

- (a) the amount received by the Company per Unit on the disposition of that number of Portfolio Shares represented by the Unit’s pro rata share of the Portfolio Shares. In respect of any retraction by a holder for a Valuation Date (defined herein) and the calculation of Unit Value under this

paragraph for such purpose, the number of Portfolio Shares of a Portfolio Issuer to be disposed of will be rounded down to the nearest whole share and such shares may be disposed of at any time between the date notice of any retraction is required to be given and the Retraction Payment Date or Annual Retraction Payment Date, as the case may be; or

- (b) in the event that the Administrator determines that it is not practicable to sell a pro rata share of the Portfolio Shares (for example, where a relatively small number of shares are tendered for cash retraction), the Company may fund such retractions in whole or in part out of cash on hand. Unit Value in this case will be calculated using, and paid on the basis of, the closing prices for the Portfolio Shares on the TSX on the trading day immediately preceding the relevant Valuation Date; or, if no trading in Portfolio Shares occurred on such day on the TSX, the closing price for such Portfolio Shares on such other exchange or market as the Administrator may select on such day; or, if no closing price is available from any exchange or market for Portfolio Shares, the average of the bid and ask prices for the Portfolio Shares at close of trading on the TSX on such day or such other price or value as the Canadian Securities Administrators may permit or require;

less, in either case, brokerage fees, commissions and all other transaction costs relating to such sale plus (minus) the pro rata share of the amount (the “Residual Amount”) by which the value of the other assets of the Company (excluding any refundable taxes not then available to the Company) exceed (are less than) the liabilities (including any extraordinary liabilities which, for greater certainty, shall include all costs and expenses of and relating to the Reorganization of the Company and any accrued termination costs) of the Company as at the relevant Valuation Date and the redemption value of the Class B Shares and Class C Shares all as determined by the Board of Directors of the Company. For greater certainty, Series 2 Preferred Shares and the Series 3 Preferred Shares will not be treated as liabilities for these purposes.

If, on the Redemption Date, the Company is entitled to a refund of refundable taxes but such refund is not immediately available, the Company will either defer payment of a portion of the redemption price until the refund is received by the Company or take steps to monetize or otherwise convert the refund into cash. In any event, for purposes of calculating the Residual Amount for redemptions on the Redemption Date, any refundable taxes not then available to the Company will be treated as an asset equal to the realizable value thereof on such date as determined by the Board of Directors. Any net capital or non-capital losses available to the Company on the Redemption Date will not be treated as an asset either on or subsequent to the Redemption Date, in the calculation of Unit Value. If it is not possible to sell Portfolio Shares due to the cessation or suspension of trading of Portfolio Shares on any stock exchange or market on which such Portfolio Shares are normally traded, the Company will sell those Portfolio Shares which can then be lawfully sold and the applicable portion of such proceeds from such sale will be paid on the Retraction Payment Date and the remaining Portfolio Shares required to be sold to fund the cash retraction of the relevant shares will be sold by the Company as soon as possible following the resumption of trading of such Portfolio Shares and the applicable portion of such proceeds therefrom paid within five business days following such sale. As used herein, “business day” means any day except for a Saturday or Sunday which is not a statutory or civic holiday in Toronto, Ontario.

The Unit Value and the net asset value per Capital Share are calculated daily and the net asset value per Capital Share is posted by the next business day on the Company’s website at www.scotiamanagedcompanies.com. The Unit Value will also be provided to holders of Capital Shares and Series 3 Preferred Shares on request by calling (416) 862-3931 or by accessing the Company’s website at www.scotiamanagedcompanies.com.

Attributes of the Series 3 Preferred Shares

Dividends

Holders of Series 3 Preferred Shares will be entitled to receive quarterly fixed cumulative preferential distributions equal to \$0.3327 per Series 3 Preferred Share. On an annualized basis, this would represent a yield on the offering price of the Series 3 Preferred Shares of 4.15%. Based on the expected closing date of June 26, 2014, the initial dividend will be \$0.3327 per Series 3 Preferred Share and is expected to be payable on or about September 26, 2014.

The Series 3 Preferred Share distributions will be funded from the dividends received on the Portfolio Shares. If necessary, any shortfall in the distributions on the Series 3 Preferred Shares will be funded by proceeds

from the sale of Portfolio Shares. Based on the current dividends paid on the Portfolio Shares, it is not expected that the Company would have to sell any Portfolio Shares to fund the Series 3 Preferred Share distributions.

Any portion of the Series 3 Preferred Share distributions which is derived from the proceeds of the sale of Portfolio Shares will, for tax purposes, consist of a non-taxable return of capital or a combination of a capital gains dividend and a non-taxable return of capital.

Retraction

The Series 3 Preferred Shares may be surrendered for retraction at any time. Retraction payments for Series 3 Preferred Shares will be made on the Retraction Payment Date in a month provided the Series 3 Preferred Shares have been surrendered for retraction no later than the Valuation Date.

The retraction privilege must be exercised by causing written notice to be received by the Company within the notice period prescribed herein and in the manner described under "Description of the Securities Distributed - Book-Entry Only System". Series 3 Preferred Shares will be irrevocably surrendered for retraction upon the delivery of such notice to CDS through a CDS Participant.

A holder who surrenders Series 3 Preferred Shares for retraction will receive on the Retraction Payment Date the amount, if any, by which 95% of the Unit Value exceeds the aggregate of (i) the average cost to the Company, including commissions, of purchasing a Capital Share in the market; and (ii) \$1.00.

General

If any Series 3 Preferred Shares are surrendered for retraction (other than in the event of a Concurrent Retraction or a Special Annual Retraction where Capital Shares are surrendered to the Company), the Company will purchase for cancellation one Capital Share for each Series 3 Preferred Share so retracted. The Company will sell Portfolio Shares owned by the Company to the extent required to fund such redemptions or purchases and to pay the retraction price for the Series 3 Preferred Shares so retracted. Series 3 Preferred Shares which have been surrendered to the Company for retraction prior to the relevant Valuation Date are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Payment Date, unless not redeemed thereon, in which event such Series 3 Preferred Shares shall remain outstanding and be considered to be surrendered for retraction on the following Retraction Payment Date.

The Company will be obligated to redeem Series 3 Preferred Shares only to the extent that such redemption would not be contrary to any applicable law. If the Company is unable for this reason to redeem all of the Series 3 Preferred Shares surrendered for payment on a Retraction Payment Date, it will redeem on each Retraction Payment Date thereafter, on a pro rata basis from shareholders who so surrendered shares, disregarding fractions, such number of Series 3 Preferred Shares not so redeemed as the Company determines it is then permitted to redeem, having regard to its obligation to concurrently redeem or otherwise acquire one Capital Share for every Series 3 Preferred Share redeemed. The Company will repeat such process on each successive Retraction Payment Date until all such Series 3 Preferred Shares have been redeemed.

Redemption

Any Series 3 Preferred Shares still outstanding on the Redemption Date will be redeemed by the Company on the Redemption Date at a price per share equal to the lesser of the issue price of a Series 3 Preferred Share and the Unit Value.

In addition, the Company may also redeem Series 3 Preferred Shares on any Annual Retraction Payment Date at a price per share equal to the issue price of a Series 3 Preferred Share. The Company will only redeem Series 3 Preferred Shares in these circumstances to the extent that unmatched Capital Shares have been tendered for retraction under the Special Annual Retraction. Where less than all the Series 3 Preferred Shares are to be so redeemed, Series 3 Preferred Shares shall be redeemed on a pro rata basis or in such other manner as is approved by the Board of Directors of the Company.

Notice of redemption will be given to CDS Participants holding Series 3 Preferred Shares on behalf of the beneficial owners thereof at least 45 days prior to the Redemption Date and at least seven business days prior to any other date of redemption.

Automatic Redemption

If for two consecutive Valuation Dates the aggregate market value of the Portfolio Shares held by the Company is less than \$15,000,000 then the Board of Directors will have the right to redeem at the next Annual Retraction Payment Date (i) all Capital Shares then outstanding for a cash amount per share equal to the redemption price of the Capital Shares calculated as if such date was the Redemption Date; and (ii) all Series 3 Preferred Shares then outstanding for a cash amount per share equal to the redemption price for the Series 3 Preferred Shares. In such circumstances, the Company will not provide holders of Capital Shares and Series 3 Preferred Shares with 45 days' prior notice of the redemption but will forthwith issue a press release and will provide holders of Capital Shares and Series 3 Preferred Shares with notice of the redemption as soon as practicable.

Voting Rights

Except as required by law, holders of Series 3 Preferred Shares will not be entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Company (including with respect to reductions of capital and share consolidations of Capital Shares) other than meetings of the holders of Series 3 Preferred Shares. Holders of Series 3 Preferred Shares will not be entitled to vote any of the Portfolio Shares held by the Company. The independent directors of the Company will determine the manner in which the Portfolio Shares will be voted at any meeting of shareholders of the Portfolio Issuers.

In addition, the articles of the Company will provide that the Company shall not, without the prior approval of the holders of Series 3 Preferred Shares (i) amend the rights, privileges, restrictions and conditions attached to the Series 3 Preferred Shares; (ii) amend the provisions of the articles of the Company relating to the restrictions on the business that the Company may carry on; (iii) sell any Portfolio Shares other than (A) to fund the retraction or redemption of any Capital Shares or Series 3 Preferred Shares or a portion of the distribution on the Series 3 Preferred Shares, (B) upon receipt of stock dividends or as part of the Company's participation in a dividend reinvestment plan, (C) in the event of a take-over bid for any of the Portfolio Shares, or (D) to fund liabilities; (iv) change (other than a change permitted by applicable law without the consent of securityholders of a mutual fund) any contract or enter into any contract as a result of which the basis for calculating fees or other expenses that are charged to the Company could result in an increase in charges to the Company; or (v) wind-up or dissolve voluntarily.

Modification

Approval of amendments to the provisions of the Series 3 Preferred Shares may be given by a special resolution carried by an affirmative vote of not less than two thirds of the votes cast at a meeting of the holders of Series 3 Preferred Shares duly called and held for such purpose at which the holders of one third of the outstanding Series 3 Preferred Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 3 Preferred Shares then present would form the quorum.

Priority

The Series 3 Preferred Shares will rank prior to the Capital Shares, the Class B Shares and the Class C Shares with respect to payment of dividends, distributions upon a redemption, retraction or reduction of capital and distributions upon a dissolution, liquidation or winding-up of the Company.

Attributes of the Capital Shares

Investment Objective

The Capital Shares provide their holders with a leveraged investment, the value of which is linked to changes in the market price of the Portfolio Shares. Holders of Capital Shares will be entitled on redemption to the benefit of any capital appreciation in the market price of the Portfolio Shares after payment of administrative and operating expenses of the Company. The fixed distributions on the Series 3 Preferred Shares will be funded from the dividends received on the Portfolio Shares. If necessary, any shortfall in the dividends on the Series 3 Preferred Shares will be funded by proceeds from the sale of Portfolio Shares. In the event that the Portfolio Share dividends exceed the amount of the fixed Series 3 Preferred Share dividends and all expenses of the Company, the excess amount may be paid as dividends on the Capital Shares, as determined by the Board of Directors of the Company,

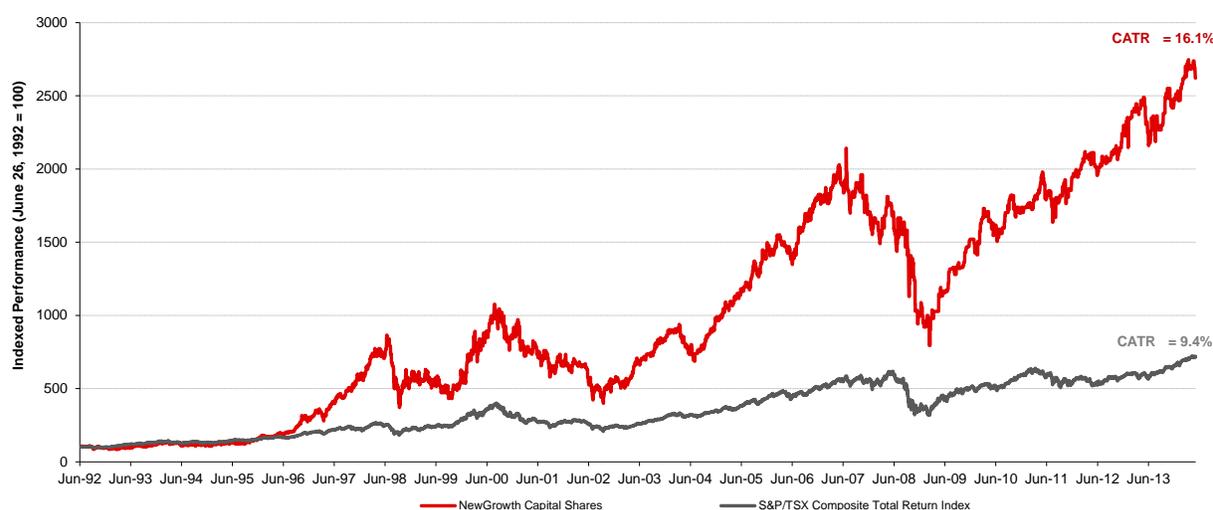
subject to the dividend policy of the Board of Directors. See “Description of the Securities Distributed – Certain Provisions of the Capital Shares – Dividends”.

Price range and trading volume

The issued and outstanding Capital Shares of the Company are listed and posted for trading on the TSX under the symbol “NEW.A”. The following table sets forth the market value range and monthly trading volume of the Capital Shares on the TSX for the 12-month period prior to the date of this prospectus. All such information was obtained from Bloomberg or the TSX and neither the Company nor the Administrator assume any responsibility for the accuracy of such information.

	Market Value		Volume
	High	Low	
2013			
May	\$37.15	\$36.21	7,976
June	\$35.30	\$31.97	12,262
July	\$35.00	\$32.25	5,510
August	\$34.98	\$32.38	3,716
September	\$33.79	\$33.55	952
October	\$37.00	\$34.00	6,939
December	\$37.50	\$36.42	10,199
2014			
January	\$36.97	\$36.01	3,500
February	\$38.20	\$36.03	8,057
March	\$39.45	\$38.20	4,709
April	\$39.83	\$38.88	12,145
May	\$39.70	\$38.02	3,639
June 1 - 18	\$39.39	\$39.00	1,750

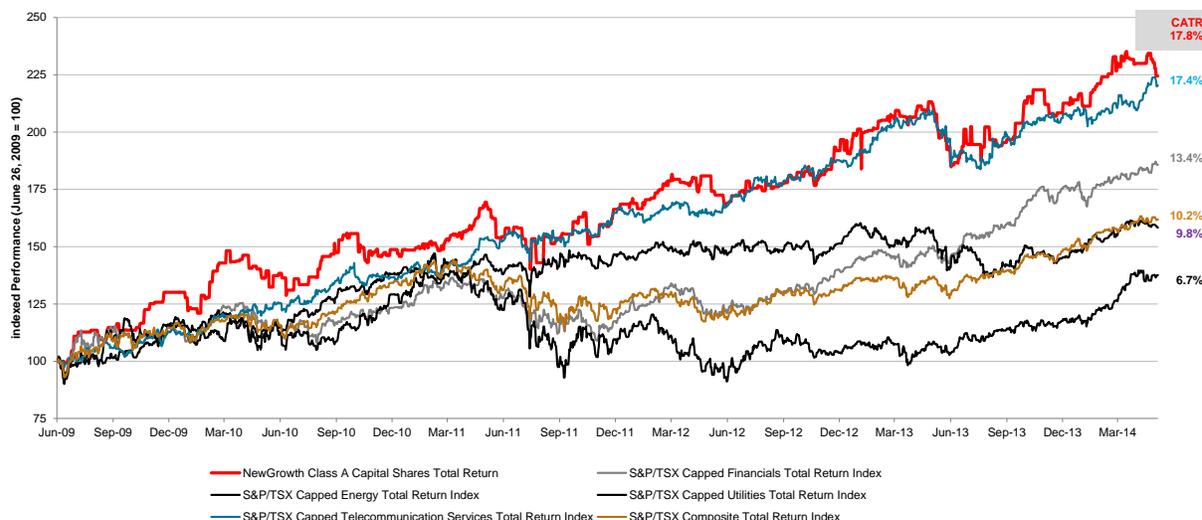
The following chart shows the total return performance of the Capital Shares (TSX: NEW.A), assuming reinvestment of dividends, since the Company’s inception on June 26, 1992 compared to the S&P/TSX Composite Total Return Index.



Note:

(1) Compound Annual Total Return.

The following chart and table show the total return performance of the Capital Shares (TSX: NEW.A), assuming reinvestment of dividends, since the Company's last reorganization on June 26, 2009 to May 30, 2014 compared to the S&P/TSX Composite Total Return Index, the S&P/TSX Capped Financials Total Return Index, the S&P/TSX Capped Energy Total Return Index, the S&P/TSX Capped Utilities Total Return Index and the S&P/TSX Capped Telecommunication Services Total Return Index.



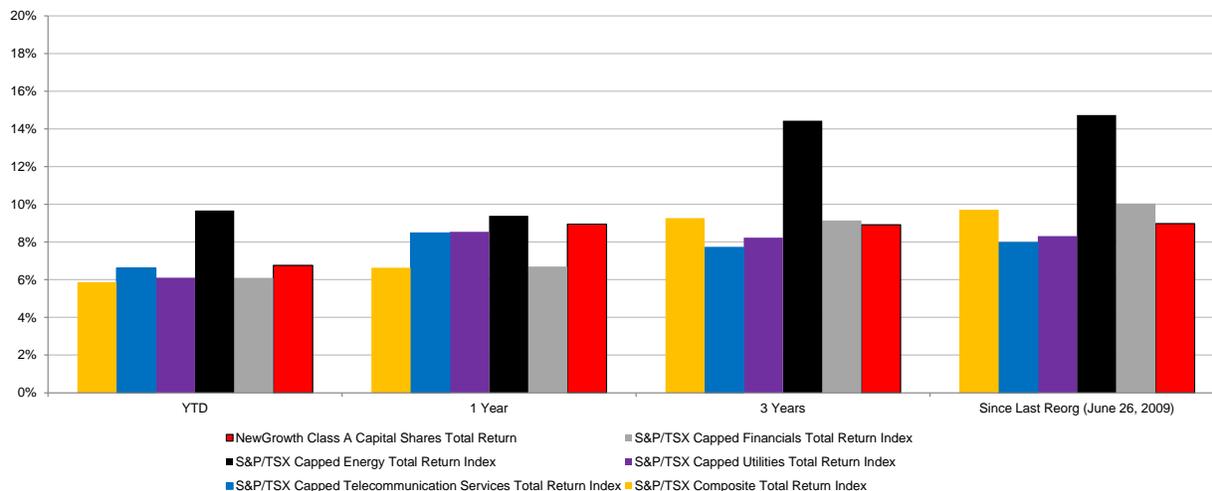
Compound Annual Total Return for the Period Ending May 31 2014						
	NewGrowth Class A Capital Shares Total Return	S&P/TSX Capped Financials Total Return Index	S&P/TSX Capped Energy Total Return Index	S&P/TSX Capped Utilities Total Return Index	S&P/TSX Capped Telecommunication Services Total Return Index	S&P/TSX Composite Total Return Index
Since Last Reorg	17.8%	13.4%	6.7%	9.8%	17.4%	10.2%
3 Years	10.5%	12.5%	1.6%	3.2%	12.9%	5.7%
1 Year	8.0%	25.4%	27.9%	3.6%	7.8%	19.0%
YTD	5.6%	5.2%	16.1%	8.6%	5.9%	8.5%

Source: Bloomberg.

Notes:

- (1) Compound Annual Total Return.
- (2) The last reorganization of the Company occurred on June 26, 2009.
- (3) YTD represents the year-to-date total return for the period from December 31, 2013 to May 31, 2014.

The following table shows the average historical 5-day volatility of the Capital Shares (TSX: NEW.A) since the Company's last reorganization on June 26, 2009 to May 30, 2014 compared to the S&P/TSX Composite Total Return Index, the S&P/TSX Capped Financials Total Return Index, the S&P/TSX Capped Energy Total Return Index, the S&P/TSX Capped Utilities Total Return Index and the S&P/TSX Capped Telecommunication Services Total Return Index.



Source: Bloomberg.

Dividends

Holders of Capital Shares are entitled to receive any dividends that the Board of Directors may declare subject to the prior rights of the holders of Series 3 Preferred Shares. If dividends on the Portfolio Shares exceed the amount of the fixed Series 3 Preferred Share dividends and expenses of the Company, the excess may be paid as dividends on the Capital Shares. In addition, it will be the policy of the Board of Directors to only pay a dividend on the Capital Shares provided the Unit Value at the time of the declaration of such dividend would, after giving effect to the dividend, be greater than or equal to the original issue price of the Series 3 Preferred Shares. In the event that such Unit Value would be less than the original issue price of the Series 3 Preferred Shares, any excess dividends received on the Portfolio Shares minus the dividends payable on the Series 3 Preferred Shares and all administrative, operating and income tax expenses will be invested in short term debt securities or Portfolio Shares. In addition, if the Company realizes capital gains on the sale of Portfolio Shares and would be liable to pay tax thereon, the Company may declare a capital gains dividend on the Capital Shares. Such dividend will minimize any tax payable by the Company and, as such, should benefit the Company and its shareholders. If such dividend was to be payable, the Company expects that such dividend would be paid in Capital Shares rather than in cash. As a result, the cash which would otherwise have been distributed or used to pay tax will remain invested in Portfolio Shares for the benefit of the holders of Capital Shares. A capital gains dividend payable in Capital Shares will increase the aggregate adjusted cost base of Capital Shares. Immediately following payment of such dividend in Capital Shares, the number of Capital Shares outstanding will be automatically consolidated pursuant to the Company’s articles such that the number of Capital Shares outstanding will be equal to the number of Capital Shares outstanding immediately prior to such payment.

The following chart shows the historical cash dividends paid on the Capital Shares.

	For Years Ended June 26				
	2013	2012	2011	2010	2009 ¹
Capital Share Dividends	\$0.91	\$0.89	\$0.66	\$0.76	\$0.99

Note:

(1) In 2009, a capital gains dividend of \$1.70 per Capital Share was paid in Capital Shares.

Retraction

The Capital Shares may be surrendered for retraction at any time by the holders. Holders may surrender their Capital Shares for retraction by exercising a Regular Retraction, a Concurrent Retraction, a Special Annual Retraction, or the Special Retraction Right all as described below. Retraction payments (except for retractions exercised pursuant to the Special Retraction Right) for Capital Shares will be made on the 26th day of a month or, where such day is not a business day, on the preceding business day (a “Retraction Payment Date”), provided the Capital Shares have been surrendered for retraction no later than the 15th day of that month (the “Valuation Date”), in the case of a Regular Retraction or a Concurrent Retraction, and no later than the 12th day of the month, in the case of a Special Annual Retraction.

Each retraction privilege described below must be exercised by causing written notice to be received by the Company within the notice periods prescribed herein and in the manner described under “Description of the Securities Distributed – Book Entry Only System”. Each notice must indicate whether the Capital Shares are being retracted pursuant to a Regular, Concurrent, Special Annual Retraction or the Special Retraction Right and, where there is an option, how the holder wishes to be paid for his or her Capital Shares retracted. Capital Shares (and Series 3 Preferred Shares in the case of a Concurrent Retraction or a Special Annual Retraction) will be irrevocably surrendered for retraction upon delivery of such notice to CDS through a CDS Participant.

Regular Retraction

A holder who surrenders a Capital Share under a regular retraction (a “Regular Retraction”) will receive on the Retraction Payment Date a cash price per Capital Share retracted equal to the amount, if any, by which 95% of the Unit Value exceeds the aggregate of (i) the average cost to the Company, including commissions, of purchasing a Series 3 Preferred Share in the market; and (ii) \$1.00. The retraction price of a Capital Share may be more or less than the market price of a Capital Share at the time of retraction.

Concurrent Retraction

A holder who surrenders one Capital Share together with one Series 3 Preferred Share under a concurrent retraction (a “Concurrent Retraction”), will receive on the Retraction Payment Date a cash price equal to 95% of the Unit Value less \$1.00.

Special Annual Retraction

A holder of Capital Shares who surrenders Capital Shares under a special annual retraction (a “Special Annual Retraction”) for the Retraction Payment Date occurring on June 26th in each year commencing on June 26, 2015, or where such day is not a business day, the preceding business day (each such date being an “Annual Retraction Payment Date”) will receive on the applicable Annual Retraction Payment Date, a cash price per Capital Share equal to the amount, if any, by which the Unit Value exceeds the issue price of a Series 3 Preferred Share.

A holder who surrenders both a Capital Share and a Series 3 Preferred Share under a Special Annual Retraction will receive on the applicable Annual Retraction Payment Date an amount equal to the Unit Value. A holder who exercises a Special Annual Retraction, but does not give the required notice will be deemed to have exercised the Regular Retraction as described above.

Provided a holder of Capital Shares surrenders 10,000 or more Capital Shares for retraction and tenders either one Series 3 Preferred Share for each Capital Share retracted or a cash amount per Capital Share equal to the issue price of a Series 3 Preferred Share, such shareholder may elect to receive his or her pro rata share of the Portfolio Shares (rounded down to the nearest whole share) plus (minus) the pro rata share of the amount by which the value of the other assets of the Company exceeds (is less than) the liabilities (including any extraordinary liabilities) of the Company as at the relevant Valuation Date and the redemption value of the Class B Shares and the Class C Shares, all as determined by the Board of Directors of the Company. For greater certainty, the Series 3 Preferred Shares will not be treated as liabilities for these purposes. Any cash so tendered is to be tendered to CDS through a CDS Participant.

A delivery charge of \$0.05 per Capital Share will be payable by the holder to the Administrator upon the surrender of Capital Shares under a Special Annual Retraction where the holder elects to receive a pro rata share of the Portfolio Shares rather than cash proceeds.

General

If any Capital Shares are surrendered for retraction (other than in the event of a Concurrent Retraction or a Special Annual Retraction where Series 3 Preferred Shares are surrendered to the Company), the Company will redeem or purchase for cancellation that number of Series 3 Preferred Shares which equals the number of Capital Shares so retracted. The Company will sell Portfolio Shares owned by the Company to the extent required to fund such redemptions or purchases and to pay the retraction price for the Capital Shares so retracted. Any and all Capital Shares which have been surrendered to the Company for retraction prior to the relevant Valuation Date or, in the case of a Special Annual Retraction, no later than the 12th day of the relevant month, are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Payment Date or Annual Retraction Payment

Date, unless not redeemed thereon, in which event such Capital Shares shall remain outstanding and be considered to be surrendered for retraction on the following Retraction Payment Date.

The Company will be obligated to redeem Capital Shares only to the extent that the redemption would not be contrary to any applicable law. If the Company is unable for this reason to redeem all of the Capital Shares surrendered for payment on a Retraction Payment Date or Annual Retraction Payment Date, it will redeem on each Retraction Payment Date thereafter, on a pro rata basis from shareholders who so surrendered shares, disregarding fractions, such number of Capital Shares not so redeemed as the Company determines it is then permitted to redeem, having regard to its obligation to concurrently redeem or otherwise acquire one Series 3 Preferred Share for each Capital Share so redeemed. The Company will repeat such process on each successive Retraction Payment Date until all such Capital Shares have been redeemed.

Redemption

Any Capital Shares outstanding on the Redemption Date will be redeemed by the Company on such date. On such redemption, each holder will receive, at the holder's option, either:

- (i) a cash price per Capital Share redeemed equal to the amount, if any, by which the Unit Value exceeds the issue price of a Series 3 Preferred Share; or
- (ii) provided the holder tenders to the Company at least 20 business days prior to the Redemption Date a cash amount per Capital Share redeemed equal to the issue price of a Series 3 Preferred Share, such holder's pro rata share of the Portfolio Shares (rounded down to the nearest whole share) plus (minus) the pro rata share of the amount by which the value of the other assets of the Company exceeds (is less than) the liabilities (including any extraordinary liabilities) of the Company as at the Redemption Date and the redemption value of the Class B Shares and the Class C Shares, all as determined by the Board of Directors of the Company. For greater certainty, the Series 3 Preferred Shares will not be treated as liabilities for these purposes. Any cash so tendered is to be tendered to CDS through a CDS Participant.

Notice of redemption will be given to CDS Participants holding Capital Shares on behalf of the beneficial owners thereof at least 45 days prior to the Redemption Date. A holder of Capital Shares must give written notice to the Company at least 20 business days prior to the Redemption Date indicating how the holder chooses to be paid for his or her redeemed Capital Shares. Holders who do not give the required 20 business days' notice will be deemed to have chosen to be paid in cash.

Automatic Redemption

If for two consecutive Valuation Dates the aggregate market value of the Portfolio Shares held by the Company is less than \$15,000,000 then the Board of Directors has the right to redeem at the next Annual Retraction Payment Date (i) all Capital Shares then outstanding for a cash amount per share equal to the redemption price of the Capital Shares calculated as if such date was the Redemption Date; and (ii) all Series 3 Preferred Shares then outstanding for a cash amount per share equal to the redemption price for the Series 3 Preferred Shares. In such circumstances, the Company will not provide holders of Capital Shares and Series 3 Preferred Shares with 45 days' prior notice of the redemption but will forthwith issue a press release and will provide holders of Capital Shares and Series 3 Preferred Shares with notice of the redemption as soon as practicable.

Voting Rights

Except as required by law, holders of Capital Shares will not be entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Company (including with respect to reductions of capital and share consolidations of Capital Shares) other than meetings of the holders of Capital Shares. Holders of Capital Shares will not be entitled to vote any of the Portfolio Shares held by the Company. The independent directors of the Company will determine the manner in which the Portfolio Shares will be voted at any meeting of shareholders of the Portfolio Issuers.

In addition, the Articles of the Company will provide that the Company shall not, without the prior approval of the holders of Capital Shares, (i) amend the rights, privileges, restrictions and conditions attached to the

Capital Shares; (ii) amend the provisions in the Articles of the Company relating to the restrictions on the business that the Company may carry on; (iii) sell any Portfolio Shares other than (A) to fund the retraction or redemption of any Capital Shares or Series 3 Preferred Shares or a portion of the distribution on the Series 3 Preferred Shares; (B) upon receipt of stock dividends or as part of the Company's participation in a dividend reinvestment plan; (C) in the event of a take-over bid for any of the Portfolio Shares or (D) to fund liabilities; (iv) change (other than a change permitted by applicable law without the consent of securityholders of a mutual fund) any contract or enter into any contract as a result of which the basis for calculating fees or other expenses that are charged to the Company could result in an increase in charges to the Company; or (v) wind up or dissolve voluntarily.

Modifications

Approval of amendments to the provisions of the Capital Shares may be given by a special resolution carried by an affirmative vote of not less than two thirds of the votes cast at a meeting of the holders of Capital Shares duly called and held for such purpose at which the holders of one third of the outstanding Capital Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Capital Shares then present would form the quorum.

Priority

The Capital Shares will rank subsequent to the Series 3 Preferred Shares and prior to the Class B Shares and the Class C Shares with respect to the payment of dividends, distributions upon a redemption or retraction or return of capital and distributions upon a dissolution, liquidation or winding up of the Company.

Reporting to Series 3 Preferred Shareholders and Capital Shareholders

The Company will deliver to holders of Series 3 Preferred Shares and Capital Shares annual and interim financial statements of the Company and such other reports as may be required by applicable law.

Book-Entry Only System

Registration of interests in and transfers of the Capital Shares and Series 3 Preferred Shares will be made only through a book-entry only system administered by CDS. Capital Shares and Series 3 Preferred Shares must be purchased, transferred and surrendered for retraction or redemption through a CDS Participant. All rights of an owner of Capital Shares or Series 3 Preferred Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Capital Shares or Series 3 Preferred Shares. Upon purchase of any Capital Share or Series 3 Preferred Share, the owner will receive only the customary confirmation. References in this Information Circular to a holder of Capital Shares or Series 3 Preferred Shares mean, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The ability of a beneficial owner of Capital Shares or Series 3 Preferred Shares to pledge the Capital Shares or Series 3 Preferred Shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

An owner of Capital Shares or Series 3 Preferred Shares who desires to exercise retraction privileges thereunder must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto), on behalf of the owner, a written notice (the "Retraction Notice") of the owner's intention to retract shares sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS by the required time. See "Description of the Securities Distributed – Certain Provisions of the Capital Shares" and "Description of the Securities Distributed – Certain Provisions of the Series 3 Preferred Shares". Any expenses associated with the preparation and delivery of a Retraction Notice shall be for the account of the owner exercising the retraction privilege. Where a beneficial owner of Capital Shares is required to tender cash to the Company in connection with a Special Annual Retraction or a redemption of Capital Shares, such cash must be tendered to CDS through the relevant CDS Participant.

By causing a CDS Participant to deliver a Retraction Notice to CDS, an owner shall be deemed to have irrevocably surrendered his or her shares for retraction and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the retraction privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Retraction Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect, and the retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. In the event of a determination that a Retraction Notice is incomplete, not in proper form or not duly executed, CDS shall promptly notify the CDS Participant which delivered the Retraction Notice. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Company to the CDS Participant or the Owner.

The Company has the option to terminate registration of the Capital Shares and Series 3 Preferred Shares through the book-entry only system in which case certificates for Capital Shares and Series 3 Preferred Shares in fully registered form may be issued to beneficial owners of such shares or their nominees.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Company is a related and connected issuer of Scotia Capital under applicable securities legislation. Scotia Capital will receive a fee upon the issue of the Series 3 Preferred Shares and Capital Shares offered hereby as described under "Plan of Distribution". In addition, Scotia Managed Companies Administration Inc., the administrator of the Company, receives an administration fee for administering the ongoing operations of the Company and Scotia Capital may receive certain other fees at normal market rates for the purchase and sale of the Portfolio Shares or the purchase for cancellation of Series 3 Preferred Shares or Capital Shares. Certain of the officers and directors of the Company and the Administrator are currently employees of Scotia Capital.

CAPITALIZATION

The capitalization of the Company at December 26, 2013, and as adjusted to give effect to the redemption of the Series 2 Preferred Shares and certain of the Capital Shares pursuant to the Special Retraction Right and the issue and sale of the Series 3 Preferred Shares and Capital Shares offered hereby, is set forth in the table below.

	Authorized	Outstanding as at December 26, 2013	Outstanding as at December 26, 2013 after giving effect to the redemptions and to this offering
Shareholders' Equity			
Series 2 Preferred Shares	unlimited	\$35,255,279 (2,573,378 shares)	nil (nil shares)
Capital Shares	unlimited	\$37,912,364 (2,573,378 shares)	\$43,521,400 (2,644,235 shares)
Series 3 Preferred Shares	unlimited	nil	\$84,800,616 (2,644,235 shares)
Class B Shares	unlimited	\$1,000 (1,000 shares)	\$1,000 (1,000 shares)
Class C Shares	unlimited	\$100 (100 shares)	\$100 (100 shares)
Retained Earnings		\$61,718,548	\$59,460,672
Issue Costs		(\$3,555,239)	\$(6,630,493)
Total Capitalization		\$131,332,052	\$181,153,295

USE OF PROCEEDS

The net proceeds of the offering, estimated to be \$88,591,297.96 (after deducting the Agents' fees and expenses of the issue), along with the proceeds from the sale of the Portfolio Shares, if necessary, will be used to fund the redemption of Capital Shares surrendered for redemption pursuant to the Special Retraction Right and all of the Series 2 Preferred Shares. To the extent the net proceeds of the offering exceed the funding requirements associated with these redemptions the Company may purchase additional Portfolio Shares.

PLAN OF DISTRIBUTION

Under an agreement dated as of June 19, 2014 (the “Agency Agreement”) between the Company and the Agents, the Company has appointed the Agents to offer for sale to the public the securities offered hereby. The Agents have agreed to assist the Company in the preparation and filing of this prospectus to qualify the Series 3 Preferred Shares and Capital Shares for distribution to the public and to offer for sale to the public the Series 3 Preferred Shares and Capital Shares offered hereby, upon the terms and subject to the conditions contained in the Agency Agreement. The Agents have agreed to use their best efforts to sell the securities offered hereby and will receive a fee equal to \$0.9621 per Series 3 Preferred Share and \$2.12 per Capital Share sold. The Agents may form a sub-agency group, including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fee.

The offering price of the Series 3 Preferred Shares was established through negotiation between the Company and the Agents. Subscriptions for the securities to be offered hereby will be accepted for Series 3 Preferred Shares by the closing date (on or about June 26, 2014 but no later than July 31, 2014). The right is reserved to close the subscription books at any time without notice and to accept or reject, in whole or in part, any subscriptions received.

While the Agents have agreed to use their best efforts to sell the securities offered hereby, the Agents are not obliged to purchase any securities which are not sold. The Agency Agreement provides that, upon the occurrence of certain stated events, the Agents may terminate the offering of the securities and the obligations of subscribers to purchase the securities will then cease.

The TSX has conditionally approved the listing of the Preferred Shares subject to fulfillment by the Company of the requirements of the TSX by August 23, 2014.

Pursuant to policy statements of certain Canadian securities administrators, the Agents may not, throughout the period of distribution, bid for or purchase Series 3 Preferred Shares and Capital Shares. The foregoing restriction is subject to certain exemptions, on the conditions that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, Series 3 Preferred Shares or Capital Shares. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the offering of the Series 3 Preferred Shares and Capital Shares, the Agents may over-allot or effect transactions. Such transactions, if commenced, may be discontinued at any time.

RISK FACTORS

Investors should carefully consider all of the information disclosed in this short form prospectus and documents incorporated by reference prior to investing in the Series 3 Preferred Shares and Capital Shares offered hereunder. In addition to the other information presented in this short form prospectus and documents incorporated by reference, investors should consider the following risks:

Trading Price Discount/Premium to Net Asset Value

Units of certain closed-end investment funds in Canada have traditionally traded at a discount to their net asset value. This risk associated with units trading at a discount is a risk separate and distinct from the risk that the Company’s net asset value per Capital Share may decrease. The Company cannot predict whether the Capital Shares will trade at a discount or premium to net asset value. The Capital Shares are retractable concurrently with Preferred Shares or by themselves once annually under the Special Annual Retraction. The purpose of these retraction rights is to provide holders of Capital Shares with the right to realize their investment once annually without any trading discount to the intrinsic value. While these annual retraction rights provide holders of Capital Shares the option of annual liquidity at net asset value per Capital Share, there can be no assurance that it will reduce trading discounts.

Leverage

Holders of the Capital Shares enjoy a form of leverage in that any capital appreciation in the Portfolio Shares after payment of redemption or retraction values of the Series 3 Preferred Shares, a portion of the dividends payable on the Series 3 Preferred Shares, if any, and extraordinary expenses will be for the benefit of the holders of

the Capital Shares. In the event of a decrease in the value of the Company's underlying investment in the Portfolio Shares, this leverage will work to the disadvantage of holders of the Capital Shares, with the result that any net capital loss incurred by the Company on its investment in the Portfolio shares will effectively first be for the account of the holders of the Capital Shares. If the Unit Value is less than or equal to the issue price of Series 3 Preferred Shares plus accrued and unpaid dividends on the Series 3 Preferred Shares on the Redemption Date, the Capital Shares will have no value.

Interest Rate Fluctuations

It is anticipated that the market value of the Series 3 Preferred Shares and the Capital Shares will, at any given time, be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the value of the Series 3 Preferred Shares and the Capital Shares.

Recent Global Financial Developments

Global financial markets have experienced significant volatility in recent years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. Some economies have experienced significantly diminished growth and some are experiencing or may experience a recession. There is a general concern amongst market participants regarding the potential for sovereign defaults in Europe and other continents and the resulting impact on global financial institutions. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Company and the value of the Portfolio Shares. A substantial drop in North American equities markets could be expected to have a negative effect on the Company.

Market Fluctuations

The value of the Capital Shares and Series 3 Preferred Shares will vary with the value of the Portfolio Shares. The value of the Portfolio Shares will be influenced by factors which are not within the control of the Company including the financial performance of the Portfolio Issuers, interest rates and other financial market conditions. Accordingly, the value of the Capital Shares and Series 3 Preferred Shares will vary from time to time.

No Ownership Interest

An investment in Capital Shares or Series 3 Preferred Shares does not constitute an investment in the Portfolio Shares. Holders of Capital Shares and Series 3 Preferred Shares will not own the Portfolio Shares held by the Company or have any voting rights in respect of the Portfolio Shares.

Tax Changes

There can be no assurance that changes will not be made to the tax rules affecting the taxation of the Company or the Company's investments, or that such tax rules will not be administered in a way that is less advantageous to the Company or its shareholders.

Securities Lending

The Company may engage in securities lending. Although the Company will receive collateral for the loans and such collateral will be marked-to-market, the Company will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

Early Redemption

As a result of the Special Annual Retraction right (as described herein) that the holders of Capital Shares have, to the extent that there are unmatched numbers of Capital Shares and Preferred Shares tendered for retraction, the Preferred Shares will be called by the Company for redemption on a *pro rata* basis or in such manner as is approved by the Board of Directors. The number of retractions by holders of Capital Shares may be influenced by the performance of the Company, the management expense ratio, and the trading discount to Unit Value, among other things.

Significant Redemptions

If a significant number of shares are retracted or redeemed, the trading liquidity of the shares could be significantly reduced. In addition, the expenses of the Company would be spread among fewer shares potentially resulting in lower Unit Value.

Mutual Fund Policies

The Company is considered to be a mutual fund but does not generally operate in accordance with, and has obtained exemption from certain of the protections provided by, the policies of Canadian Securities Administrators applicable to conventional mutual funds. There can be no assurance that certain laws applicable to the Company, including applicable securities legislation, will not be changed in a manner which adversely affects the Company or its shareholders. If such laws change, such changes could have a negative effect upon the value of the Portfolio and upon the investment opportunities available to the Company.

Dividends on the Portfolio Shares

The Portfolio Issuers may decide at any time or from time to time to decrease or discontinue dividends on the Portfolio Shares. The decrease in the dividends on the Portfolio Shares will decrease the dividend coverage for the Series 3 Preferred Shares. In the event that one or more of the Portfolio Issuers was to decrease dividends to an extent that the Company does not have sufficient cash to pay the fixed quarterly dividends on the Series 3 Preferred Shares, it would have to sell Portfolio Shares to fund the dividends on the Series 3 Preferred Shares. The selling of the Portfolio Shares would result in a decline in the Unit Value and would therefore decrease the downside protection for the Series 3 Preferred Shares. In the event that the Unit Value falls below the original issue price of the Series 3 Preferred Shares as a result of selling of the Portfolio Shares, the holders of Series 3 Preferred Shares will receive redemption proceeds which will be less than the original issue price of the Series 3 Preferred Shares.

Prospective purchasers may wish to consult their own investment advisors for advice with respect to the merits of an investment in the Series 3 Preferred Shares or Capital Shares.

INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, the following summary presents the principal Canadian federal income tax considerations generally applicable to prospective purchasers of Series 3 Preferred Shares or Capital Shares pursuant to this prospectus who, in each case, for purposes of the Act and at all relevant times, are resident or deemed to be resident in Canada, deal at arm's length and are not affiliated with the Company, hold Series 3 Preferred Shares or Capital Shares as capital property and have not with respect to Series 3 Preferred Shares or Capital Shares, entered into a "derivative forward agreement" as defined in the Tax Act.

The summary is based upon the current provisions of the Act, the Regulations thereunder (the "Regulations"), specific proposals for amendments to the Act and the Regulations which have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). This summary also relies on certain advice received from the Company and from Scotia Capital relative to the terms and conditions of the Series 3 Preferred Shares and the Capital Shares. This summary is not applicable to holders an interest in which would be a tax shelter investment for the purposes of the Act or holders who have elected to determine their tax results under the Act in a currency other than the Canadian dollar. This summary does not deal with the mark-to-market rules in the Act and holders that are "financial institutions" as defined in the Act for purposes of these rules should consult their own tax advisors.

This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the Proposed Amendments, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any investor or prospective investor. Accordingly, investors and prospective investors should consult their own tax advisors for advice with respect to the income tax consequences of investing in Series 3 Preferred Shares or Capital Shares having regard to their own particular circumstances,

including the advisability and effect of making an irrevocable election, pursuant to subsection 39(4) of the Act, to have all Canadian securities (including the Series 3 Preferred Shares and Capital Shares) owned by them deemed to be capital properties and the deductibility of interest on monies borrowed to acquire Series 3 Preferred Shares or Capital Shares.

Status of the Company

The Company currently qualifies as a “mutual fund corporation” and a “financial intermediary corporation”, as defined in the Act. The Company has advised counsel that it intends to continue to so qualify throughout each subsequent taxation year in which any Series 3 Preferred Shares or Capital Shares remain outstanding.

Taxation of the Company

Dividends

Dividends received by the Company on the Portfolio Shares held by it will be included in its income but will be deductible in computing its taxable income. The Company will generally be liable to pay 33 $\frac{1}{3}$ % refundable tax under Part IV of the Act on all such dividends received by it on the Portfolio Shares. However, any Part IV tax that is paid will be fully refunded to the Company on the payment by the Company of sufficient dividends (other than capital gains dividends as defined below) in the year or in subsequent taxation years, in accordance with the provisions of the Act in that regard.

As the Company will be a “financial intermediary corporation” as defined in the Act, it will not be subject to tax under Part VI.1 of the Act on dividends that it pays on the Series 3 Preferred Shares.

Capital Gains

The Company may realize a capital gain (or sustain a capital loss) upon the disposition of a Portfolio Share (including the disposition of a Portfolio Share if required to fund the fixed quarterly distributions payable on the Series 3 Preferred Shares) to the extent that the proceeds of disposition therefor exceed (or are less than) the aggregate of the Company’s adjusted cost base of such share and any costs of disposition. The amount of any such capital loss otherwise determined may, in certain circumstances described in the Act, be reduced by the amount of dividends previously received by the Company on the Portfolio Shares. One-half of any capital gain will be a taxable capital gain and one-half of any capital loss will be an allowable capital loss. Any allowable capital loss realized by the Company in a taxation year from the disposition of a Portfolio Share may be deducted against taxable capital gains realized by the Company in the year, in any of the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances described in the Act. As a mutual fund corporation, the Company maintains a capital gains dividend account in respect of net capital gains realized by the Company and from which it may elect to pay dividends (“capital gains dividends”) which are treated as capital gains in the hands of the shareholders of the Company. See “Tax Treatment of Distributions on Series 3 Preferred Shares or Capital Shares” below.

The Company has elected in accordance with the Act to have each of its “Canadian securities” treated as capital property. Such an election ensures that gains or losses realized by the Company on Canadian securities in the taxation year of the Company in which the election is made, or any subsequent taxation year, are treated as capital gains or capital losses.

The Company, being a mutual fund corporation, will be entitled to refunds in accordance with the provisions of the Act of substantially all tax payable by it with respect to net taxable capital gains upon payment of sufficient capital gains dividends or in respect of sufficient redemptions of Series 3 Preferred Shares or Capital Shares.

Other Income

Interest income earned by the Company will be included in computing its income.

Issue and Other Expenses

The Company will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Series 3 Preferred Shares or Capital Shares. Such issue expenses, including the Agents' fees, will be deductible by the Company ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. Generally, the Company will also be entitled to deduct administrative expenses and interest payable by it on money borrowed to purchase the Portfolio Shares. Any non-capital losses incurred by the Company may generally be carried forward or back in accordance with the rules and limitations contained in the Act and deducted in computing the taxable income of the Company.

Net Tax Liability

As a result of the deductions and refunds of tax described above, it is not anticipated that the Company will be subject to any material net tax liability.

Taxation of Holders of Series 3 Preferred Shares and Capital Shares

Tax Treatment of Distributions on Series 3 Preferred Shares and Capital Shares

The amount of all taxable dividends ("Ordinary Dividends"), received by a holder will be included in computing the holder's income.

In the case of a holder that is an individual, Ordinary Dividends will be subject to the gross-up and dividend tax credit rules under the Act normally applicable to taxable dividends (including eligible dividends) received from a taxable Canadian corporation.

An Ordinary Dividend on the Series 3 Preferred Shares or Capital Shares received by a corporation other than a specified financial institution will normally be deductible by the corporation in computing its taxable income.

In the case of a holder that is a specified financial institution, Ordinary Dividends received on the Series 3 Preferred Shares or Capital Shares will only be deductible in computing its taxable income if either

- (a) the specified financial institution did not acquire the Series 3 Preferred Shares or Capital Shares, as applicable, in the ordinary course of its business; or
- (b) at the time of receipt of the dividend by the specified financial institution:
 - (i) the Series 3 Preferred Shares or Capital Shares, as applicable, are listed on a designated stock exchange, and
 - (ii) dividends are received in respect of not more than 10% of the issued and outstanding Series 3 Preferred Shares or Capital Shares, as applicable, by
 - (A) the specified financial institution, or
 - (B) the specified financial institution and persons with whom it does not deal at arm's length.

For these purposes, a beneficiary of a trust will be deemed to receive the amount of any dividend received by the trust and designated to that beneficiary, effective at the time the dividend was received by the trust, and a member of a partnership will be considered to have received that partner's share of a dividend received by the partnership, effective at the time the dividend was received by the partnership.

A holder which is a "private corporation" (as defined in the Act) or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay a refundable tax under Part IV of the Act, generally imposed at the rate of 33 $\frac{1}{3}$ %, on Ordinary Dividends received on the Series 3 Preferred Shares or Capital Shares to the extent that such dividends are deductible in computing its taxable income.

A holder of Series 3 Preferred Shares which is a corporation other than a private corporation or a financial intermediary corporation will generally be subject to a 10% tax under Part IV.1 of the Act in respect of any Ordinary Dividends received by it on the Series 3 Preferred Shares to the extent that such dividends are deductible in computing its taxable income.

The amount of any capital gains dividend received by a holder of Series 3 Preferred Shares or Capital Shares from the Company will be considered to be a capital gain of such holder from the disposition of capital property in the taxation year of the holder in which the capital gains dividend is received. See “Redemptions, Retractions and Other Dispositions of Series 3 Preferred Shares or Capital Shares”.

Returns of capital to a holder of Series 3 Preferred Shares or Capital Shares are not subject to tax but will reduce the adjusted cost base of the Series 3 Preferred Shares or Capital Shares to the holder. Where reductions to a holder’s adjusted cost base of Series 3 Preferred Shares or Capital Shares for a taxation year would result in the adjusted cost base becoming a negative amount, such amount will be treated as a capital gain realized by the holder in that taxation year, and the holder’s adjusted cost base of such Series 3 Preferred Shares or Capital Shares will then be nil immediately after the time when the capital gain is realized.

Redemptions, Retractions and Other Dispositions of Series 3 Preferred Shares or Capital Shares

A holder who disposes of or who is deemed to dispose of a Series 3 Preferred Share or Capital Share, including a disposition to the Company (whether on a retraction, redemption or otherwise), will realize a capital gain (or sustain a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the holder’s adjusted cost base of such share and any costs of disposition. For the purpose of computing the adjusted cost base of each share of a particular class, a holder must average the cost of such share with the adjusted cost base of any shares of that class already held as capital property.

Where the holder of a Series 3 Preferred Share or Capital Share is a corporation, a trust of which a corporation is a beneficiary or a partnership of which a corporation is a member, in certain circumstances the amount of any capital loss otherwise determined may be reduced by the amount of Ordinary Dividends previously received on the share. These rules may also apply where a trust or partnership is a member of a partnership or a beneficiary of a trust that owns Series 3 Preferred Shares or Capital Shares.

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

A holder of Series 3 Preferred Shares or Capital Shares that is a “Canadian-controlled private corporation” (as defined in the Act) throughout a taxation year may be liable to pay an additional refundable tax on its “aggregate investment income” for the year, which is defined to include taxable capital gains.

Tax Exempt Purchasers and Taxation of Registered Plans

The Series 3 Preferred Shares or Capital Shares if issued as the date hereof, would be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts.

However, if the Capital Shares or Series 3 Preferred Shares are a “prohibited investment” (within the meaning of the Act) for a tax-free savings account, registered retirement savings plan or registered retirement income fund, the holder of a tax-free savings account or annuitant of a registered retirement savings plan or registered retirement income fund may be subject to a penalty tax as set out in the Act. An investment in Capital Shares or Series 3 Preferred Shares will generally not be a prohibited investment unless the holder or annuitant does not deal at arm’s length with the Company for purposes of the Act or the holder has a significant interest (within the meaning of the Act) in the Company. Prospective investors should consult with their own tax advisors regarding the prohibited investment rules.

PRINCIPAL SHAREHOLDERS OF THE COMPANY

NG Split Holdings Corp., owns all of the issued and outstanding Class B Shares of the Company. NG Split Holdings Corp. is owned equally by two independent directors of the Company and a former independent director of the Company.

AUDITOR

The auditor of the Company is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, at 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

CUSTODIAN AND TRANSFER AGENT AND REGISTRAR

State Street Trust Company Canada acts as the custodian for the Company in respect of the Portfolio Shares pursuant to a custodian agreement between the Company and State Street Trust Company Canada (the "Custodian Agreement"). State Street Trust Company Canada has its principal office at 30 Adelaide Street East, Suite 1400, Toronto, Ontario, M5C 3G6.

The transfer agent and registrar for the Capital Shares and the Series 3 Preferred Shares is Computershare Investor Services Inc., at its principal office at 100 University Avenue, Toronto, Ontario M5J 2Y1.

INTEREST OF EXPERTS

The matters referred to under "Income Tax Considerations" and certain other legal matters relating to the securities offered hereby will be passed upon at the closing date by Osler, Hoskin & Harcourt LLP on behalf of the Company and the Agents. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP as a group own less than one percent of the outstanding Series 3 Preferred Shares and Capital Shares and any other outstanding securities of any associate or affiliate of the Company.

The Company's auditor, PricewaterhouseCoopers LLP, has prepared an independent audit report dated August 22, 2013 in respect of the Company's financial statements as at June 26, 2013. PricewaterhouseCoopers LLP, has advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conflicts of the Chartered Professional Accountants of Ontario.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE COMPANY, THE ADMINISTRATOR AND THE PROMOTER

Dated: June 19, 2014

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

NEWGROWTH CORP.

(Signed) BRIAN D. MCCHESENEY
President and Chief Executive Officer

(Signed) STEPHEN D. PEARCE
Chief Financial Officer

On behalf of the Board of Directors

(Signed) MICHAEL K. WARMAN
Director

(Signed) ROBERT C. WILLIAMS
Director

**SCOTIA MANAGED COMPANIES ADMINISTRATION INC.
as Administrator and Promoter**

(Signed) FAROOQ N.P. MOOSA
President and Chief Executive Officer

(Signed) STEPHEN D. PEARCE
Chief Financial Officer

**On behalf of the Board of Directors of
SCOTIA MANAGED COMPANIES ADMINISTRATION INC.**

(Signed) FAROOQ N.P. MOOSA
Director

(Signed) STEPHEN D. PEARCE
Director

(Signed) DAVID J. SKURKA
Director

CERTIFICATE OF THE AGENTS

Date: June 19, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

SCOTIA CAPITAL INC.

(Signed) FAROOQ N.P. MOOSA

CIBC WORLD MARKETS INC.

(Signed) MICHAEL D. SHUH

BMO NESBITT BURNS INC.

(Signed) ROBIN TESSIER

TD SECURITIES INC.

(Signed) CAMERON GOODNOUGH

NATIONAL BANK FINANCIAL INC.

(Signed) TIMOTHY EVANS

CANACCORD GENUITY CORP.

(Signed) RON SEDRAN

GMP SECURITIES L.P.

(Signed) ANDREW KIGUEL

RAYMOND JAMES LTD.

(Signed) J. GRAHAM FELL

**BURGEONVEST BICK
SECURITIES
LIMITED**

(Signed) VILMA JONES

**DESJARDINS
SECURITIES INC.**

(Signed) BETH SHAW

**MACKIE RESEARCH
CAPITAL
CORPORATION**

(Signed) DAVID KEATING

**MANULIFE
SECURITIES
INCORPORATED**

(Signed) WILLIAM PORTER

EXHIBIT A
RETRACTION NOTICE

NewGrowth Corp.

To: CDS Participant

This notice (the "Retraction Notice") is to be completed by a broker representing a holder of Class B preferred shares, series 3 ("Series 3 Preferred Shares") or Class A capital shares ("Capital Shares") of NewGrowth Corp. who desires to exercise retraction privileges as set out in the NewGrowth Corp. (the "Company") prospectus dated June 19, 2014.

CDS Participants are urged to refer to the prospectus to obtain details on the retraction payment dates and the notification periods.

TYPE OF RETRACTION (Please check one)

- Regular Retraction:** (available to a holder of Capital Shares or Series 3 Preferred Shares)
Go to "Particulars of Retraction (I)".
- Concurrent Retraction:** (must contemporaneously retract one Capital Share and one Series 3 Preferred Share)
Go to "Particulars of Retraction (II)".
- Special Annual Retraction:** (available to a holder of Capital Shares only)
Go to "Particulars of Retraction (III)".

PARTICULARS OF RETRACTION

(I) Regular Retraction

Number of Capital Shares to be retracted _____

Number of Series 3 Preferred Shares to be retracted _____

(II) Concurrent Retraction

Number of Capital Shares to be retracted _____

Number of Series 3 Preferred Shares to be retracted _____

(The number of Series 3 Preferred Shares and Capital Shares to be retracted under a Concurrent Retraction must be equal).

(III) Special Annual Retraction: (Available on June 26 in each year (commencing on June 26, 2015) only to holders of Capital Shares)

Number of Capital Shares to be retracted _____

Please check one payment alternative if exercising a Special Annual Retraction:

- Cash
- Pro rata* share of Portfolio Shares

As set out in the Prospectus, a holder electing to receive payment of its *pro rata* share of Portfolio Shares and other net assets of the Company must tender \$32.07 or one Series 3 Preferred Share for each Capital Share retracted together with this notice.

Cash tendered _____

Number of Series 3 Preferred Shares
tendered _____

Broker's Name: _____

Fax No.: _____

Tel. No.: _____

Date of Retraction Notice: _____

Signature of Authorized Person: _____

UPON AUTHENTICATING THIS RETRACTION NOTICE, THE CDS PARTICIPANT IS DIRECTED TO FORWARD THE FOREGOING INSTRUCTIONS FORTHWITH TO CDS.